Council Meeting of
July 28, 2020

Honorable Mayor and Members
of City Council
City Hall
Torrance, California

Members of Council:

SUBJECT: Finance - Accept and File Investment Reports for April 2020 and May 2020. Expenditure: None.

RECOMMENDATION

Recommendation of the Finance Director that City Council accept and file the Investment Reports for the months of April 2020 and May 2020.

FUNDING

None required for this item.

BACKGROUND

On July 7, 2020, the April 2020 and May 2020 investment reports were brought to City Council to accept and file. Per City Council's direction, the item was deferred two weeks. Since then, on Wednesday, July 22, 2020 the City Treasurer certified both the April 2020 and May 2020 investment reports.

On June 9, 2020, Your Honorable Body, through passage of Resolution No. 2020-48, adopted an official "Statement of Investment Policy" as recommended by the Finance Director. The City's Statement of Investment Policy requires the City Treasurer to report a monthly statement of investment activity.

Monthly Investment Reports 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. The City's investment strategy is to place investments to mature during periods of upcoming cash flow needs.

April 2020 Investment Report

As of April 30, 2020 the ending balance of total funds was $171,830,328, an increase of approximately $5.0M from the previous month; which included investments of $162,397,671 and cash of $9,432,657. Typically, the City experiences seasonal revenues of higher cash inflow from December through February and April through May and lower cash inflow from July through November. In addition, at the beginning of the fiscal year, the City experiences higher cash outflow, where the City makes payments for annual contracts and obligations.

The LAIF balance increased by $2.2M to $64.7M. The investment activity for April 2020, included investments and redemptions of Local Agency Investment Funds. LAIF earned a yield of 1.648%, which is lower than the previous month in March by 13.9 basis points. LAIF funds are available on a daily basis and earns a higher yield than the benchmark of the 1-year and 2-year U.S. Constant Maturing Treasury (CMT) at .16% and .20%, respectively. The City is closely monitoring the daily LAIF rate, as the LAIF rate continues to trend downward.

There were no purchases of fixed income instruments during the month. However, five investments were redeemed, which consisted of one call and four maturities, totaling approximately $4.4M with an average yield of 1.81%.

The portfolio yielded 1.664% for April, a decrease of 10.9 basis points over the previous month of March. The effective rate of return for fiscal year-to-date yield is 2.020% compared to 2.040% a year ago. The March portfolio yield was revised from 1.913% to 1.773%, as the City corrected a miscalculation on how the money market account yield was imported.

May 2020 Investment Report

As of May 31, 2020 the ending balance of total funds was $179,560,837, an increase of approximately $7.7M from the previous month; which included investments of $162,604,283 and cash of $16,956,554. Typically, the City experiences seasonal revenues of higher cash inflow from December through February and April through May and lower cash inflow from July through November. In addition, at the beginning of the fiscal year, the City experiences higher cash outflow, where the City makes payments for annual contracts and obligations.

The LAIF balance remained unchanged at $64.7M. The investment activity for May 2020, included investments and redemptions of Local Agency Investment Funds. LAIF earned a yield of 1.363%, which is lower than the previous month in April by 28.5 basis points. LAIF funds are available on a daily basis and earns a higher yield than the benchmark of the 1-year and 2-year U.S. Constant Maturing Treasury (CMT) at .17% and .16%, respectively. The City is closely monitoring the daily LAIF rate, as the LAIF rate continues to trend downward.

There were no purchases of fixed income instruments during the month. However, six investments were redeemed, which consisted of six maturities, totaling $5.7M with an average yield of 1.71%.

The portfolio yielded 1.482% for May, a decrease of 18.2 basis points over the previous month of April. The effective rate of return for fiscal year-to-date yield is 1.980% compared to 2.050% a year ago.

Investment Committee Note

The Investment Committee members are the City Manager, City Attorney, Finance Director, City Treasurer, and Interim Deputy City Treasurer as created by your Honorable Body, has reviewed the attached reports (Attachment B).

Respectfully submitted,

ERIC E. TSAO
FINANCE DIRECTOR

By _____
Kristopher Awshee
Interim Deputy City Treasurer

CONCUR:

_____
Eric E. Tsao
Finance Director

_____
LeRoy J. Jackson
City Manager

Attachments:
A) Detail Listings of Redemptions for April 2020 and May 2020
B) Monthly Investment Reports for April 2020 and May 2020

ATTACHMENT A

List of Redemptions, 4/1/20 – 4/30/20

Redemption Issuer	Rating	Par Value (in millions)	Call Date	Maturity Date	Term Yr	Coupon	YTM	Disc/Par /Prem	Structure	Broker	Days/ Months Held	Called/ Matured
Farmer Mac	IMP	$2.0	-	04/17/2020	3.0	1.64%	1.65%	Disc	Agency	Stifel, Nicolaus & Co	1094/36.5	Matured
Federal Home Loan Mortgage Co	AA+	$1.0	-	04/28/2020	4.0	1.35%	1.37%	Disc	Agency	Stifel, Nicolaus & Co	1461/48.7	Matured
Federal Farm Credit Bank	AA+	$1.0	04/29/2020	02/10/2022	4.1	1.62%	2.76%	Disc	Agency	Stifel, Nicolaus & Co	859/28.6	Called
Bank of Deerfield	FDIC	$0.2	-	04/07/2020	3.8	1.30%	1.30%	Par	CD	Stifel, Nicolaus & Co	1400/46.7	Matured
Synchrony Bank Retail	FDIC	$0.2	-	04/13/2020	5.0	1.90%	1.90%	Par	CD	Multi-Bank Securities	1812/60.4	Matured
		$4.4										

List of Redemptions, 5/1/20 – 5/31/20

Redemption Issuer	Rating	Par Value (in millions)	Call Date	Maturity Date	Term Yr	Coupon	YTM	Disc/Par /Prem	Structure	Broker	Days/ Months Held	Called/ Matured
Federal National Mort Assoc	AA+	$1.0	-	05/14/2020	3.7	1.50%	1.06%	Prem	Agency	Wedbush	1358/45.3	Matured
Farmer Mac	IMP	$2.1	-	05/18/2020	3.0	1.75%	1.75%	Par	Agency	Stifel, Nicolaus & Co	1096/36.5	Matured
IBM	AA-	$2.0	-	05/15/2020	4.7	1.63%	2.03%	Disc	Medium-Term Note	Mutual Securities	1732/57.7	Matured
Discover Bank	FDIC	$0.2	-	05/06/2020	5.0	1.90%	1.90%	Par	CD	Multi-Bank Securities	1827/60.9	Matured
Goldman Sachs Bank	FDIC	$0.2	-	05/06/2020	5.0	1.90%	1.90%	Par	CD	Multi-Bank Securities	1827/60.9	Matured
First National Bank of America	FDIC	$0.2	-	05/29/2020	5.0	1.60%	1.60%	Par	CD	Higgins Capital	1827/60.9	Matured
		$5.7										

Attachment B

City of Torrance, California
Monthly Investment Portfolio Report
April 30, 2020

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City of Torrance, California
Investment Report Summary Notes
For the Month of: April 2020

Summary

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Redemptions

Redemption Issuer	Rating	Par Value (in millions)	Call Date	Maturity Date	Term Yr	Coupon	YTM	Disc/Par /Prem	Structure	Broker	Days/ Months Held	Called/ Matured
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Prepared by the Finance Department for the Investment Advisory Committee

City of Torrance, California
Investment Report Summary Notes
For the Month of: April 2020

Liquidity of the Portfolio

- A yield curve is typically defined as the difference between the 3-month and 10-year treasury rate which showed an upward slope. However, the City uses the 1-year and 5-year yield curve, as the City is allowed to purchase investments up to five years per the City's investment policy. The shape of the 1-year and 5-year yield curve also showed an upward slope, which means the 5-year is yielding higher than the 1-year by 20 basis points. As of April 30, 2020, the 1-year, 3-year and 5-year treasury yield was .16%, .24% and .36%, respectively.

- The City is in compliance with California Government Code Section 53646 which requires local agency to report its ability to meet pooled expenditure requirements for the next six (6) months. Over the next 6 months, cash, cash equivalents (LAIF) and inflows exceed cash outflows by $20.0M. Large cash outflows anticipated, consists of the FY19/20 TRAN payment in June 2020 and the monthly payment of pension costs starting in July 2020.

Cash Activity/Balances projected over the next 6 months:

Cash Balance as of April 30, 2020	$9.4M
LAIF Balance as of April 30, 2020	$64.7M
Cash Inflows	$166.7M
Cash outflows	($220.8M)
Net cash inflow	$20.0M

Investment Comparison to Benchmark

As stated above for the month of April, the City's portfolio yielded 1.664%; which is a decrease of 10.9 basis points over the previous month of March. The effective rate of return for fiscal year-to-date is 2.020%. The 1 year U.S. Constant Maturing Treasury (CMT) is .16% and the 2 year U.S. CMT is .20%. The City's portfolio has a current average maturity of 356 days or 0.98 years, which is a decrease of 25 days from the previous month. In a decreasing interest rate environment, it is expected the City's portfolio will usually compare favorably to its benchmark primarily due to the buy and hold trading philosophy.

The City's investment strategy remains the same, which is to place investments to mature during periods of upcoming cash flow needs. Given the current environment where LAIF is earning approximately 89 basis points over 2-year to 5-year fixed income instruments, and the requirement of having funds available to pay the FY19/20 TRAN and the monthly payment of pension costs, the City will continue to place monies in LAIF.

Investment Report
April 2020

Portfolio Highlights

RETURN	Current Month	Prior Month
City Portfolio YTM	1.664%	1.773%
U.S. Treasury Constant Maturity (2 year)	0.200%	0.230%
LAIF Monthly Return	1.648%	1.787%
INCOME	**Current Month**	**Prior Month**
Fiscal Year to Date	$2,485,941.21	$2,258,256.02
Current Month	$227,685.19	$251,933.11
MATURITY	**Current Month**	**Prior Month**
Days to Maturity	356	381
Days to Maturity (Prior Year)	500	545
Average Maturity (Years)	0.98	1.04
VOLUMES	**Total Volume ($)***	**# of Transactions****
Purchases/Deposits*	$16,337,629.68	0
Maturities/Redemptions*	$13,990,000.00	5
EFFECTIVE RATE OF RETURN	**Fiscal Year to Date**	**Prior Year to Date**
Effective Rate of Return	2.020%	2.040%

**Includes LAIF and MMA activity*

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

Portfolio Activity Summary

Month End	Year	# of Securities	Average Balance	Yield to Maturity 365 (%)	LAIF Rate	# of Investments Purchased	# of Investments Redeemed	Average Term	Average Days to Maturity
April	2019	125	155,308,031.13	2.128	2.445	0	3	1,036	500
May	2019	123	164,161,516.71	2.145	2.449	2	2	1,011	478
June	2019	130	160,915,988.63	2.106	2.428	9	11	1,257	655
July	2019	124	157,273,857.25	2.108	2.379	5	3	1,191	620
August	2019	121	133,510,438.90	2.107	2.341	0	4	1,224	608
September	2019	117	138,173,302.03	2.107	2.280	0	11	994	463
October	2019	108	136,853,612.28	2.069	2.190	2	6	1,002	457
November	2019	109	139,209,231.68	2.024	2.103	7	4	1,007	471
December	2019	109	141,727,023.21	2.004	2.043	4	3	941	457
January	2020	106	153,083,971.66	1.973	1.967	0	0	922	430
February	2020	106	161,652,681.39	1.959	1.912	0	3	860	396
March	2020	103	156,591,322.64	1.913	1.787	0	2	858	381
April	2020	101	156,345,742.94	1.664	1.648	0	5	809	356
	Average:	**114**	**150,317,552.20**	**2.013%**	**2.152%**	**2**	**4**	**1,009**	**482**

Investment Report
April 2020

Portfolio Summary

		Book Value ($)	BV % of Portfolio*		Market Value ($)	MV % of Portfolio*	S&P Rating	$/% per Policy	Modified Duration	Days to Maturity	Maximum Term	YTM
Local Agency Investment Fund (LAIF)	**$**	**64,725,044.71**	**39.85%**	**$**	**64,725,044.71**	**39.47%**	**LAIF**	**$65Mil**	**0.000**	**1**	**N/A**	**1.648%**
Union Bank Custodial - Money Market Account	**$**	**17,027,572.37**	**10.49%**	**$**	**17,027,572.37**	**10.38%**	**A-1**	**100%**	**0.000**	**1**	**N/A**	**0.150%**
U.S. Treasury Securities	**$**	**5,949,160.87**	**3.66%**	**$**	**6,111,240.00**	**3.73%**	**AA+**	**100%**	**1.481**	**547**	**5-Year**	**1.964%**
Federal Agency Issues	**$**	**38,563,149.91**	**23.75%**	**$**	**39,198,717.75**	**23.90%**		**75%**	**1.632**	**615**	**5-Year**	**1.833%**
Farmer Mac	$	9,075,000.00	5.59%	$	9,125,957.25	5.56%	NR/IMP	30%	0.309	113	5-Year	1.802%
Federal Farm Credit Bank	$	8,994,204.86	5.54%	$	9,213,810.00	5.62%	AA+	30%	3.658	1,402	5-Year	1.990%
Federal Home Loan Bank	$	12,468,945.55	7.68%	$	12,767,976.00	7.79%	AA+	30%	1.271	469	5-Year	1.962%
Federal Home Loan Mortgage Corporation	$	2,500,000.00	1.54%	$	2,506,045.00	1.53%	AA+	30%	2.399	931	5-Year	2.025%
Federal National Mortgage Association	$	5,525,000.00	3.40%	$	5,584,930.50	3.41%	AA+	30%	0.932	342	5-Year	1.253%
Negotiable Certificates of Deposit	**$**	**13,432,000.00**	**8.27%**	**$**	**13,858,431.06**	**8.45%**	**FDIC**	**20%**	**2.008**	**753**	**5-Year**	**2.226%**
Municipal Bonds	**$**	**530,000.00**	**0.33%**	**$**	**530,292.00**	**0.32%**		**10%**	**3.708**	**1,411**	**5-Year**	**1.716%**
San Mateo Calif Uni	$	530,000.00	0.33%	$	530,292.00	0.32%	N/A	10%	3.708	1,411	5-Year	1.716%
Medium-Term Notes	**$**	**22,170,743.18**	**13.65%**	**$**	**22,552,447.50**	**13.75%**		**20%**	**2.368**	**900**	**5-Year**	**2.157%**
Apple Bank Savings	$	3,227,692.08	1.99%	$	3,369,827.50	2.05%	AA+	5%	4.187	1,594	5-Year	1.965%
Apple Inc	$	2,444,847.47	1.51%	$	2,620,680.00	1.60%	AA+	5%	2.876	1,097	5-Year	3.200%
AUST & NZ BANKING GRP NY	$	2,508,391.30	1.54%	$	2,546,400.00	1.55%	AA-	5%	2.465	934	5-Year	1.995%
Chevron Corp	$	2,000,377.08	1.23%	$	2,002,540.00	1.22%	AA	5%	2.347	54	5-Year	2.120%
IBM	$	1,999,686.70	1.23%	$	2,000,600.00	1.22%	AA-	5%	0.038	14	5-Year	2.050%
MicroSoft Corporation	$	3,991,474.70	2.46%	$	4,035,320.00	2.46%	AAA	5%	0.877	324	5-Year	1.922%
Toronto Dominion Bank	$	1,000,000.00	0.62%	$	1,010,400.00	0.62%	AA-	5%	0.611	227	5-Year	2.473%
Toyota Motor Credit Corp	$	5,003,273.85	3.08%	$	4,962,710.00	3.03%	AA-	5%	4.232	1,625	5-Year	2.034%
Total Investments:	**$**	**162,397,671.04**	**100.00%**	**$**	**164,003,745.39**	**100.00%**			**0.953**	**356**		**1.664%**
Cash In Bank (General):	**$**	**8,718,234.98**										
Cash In Bank (Housing):	**$**	**714,421.99**										
LAIF-TRANs Funds:	**$**	**-**										
Total Funds:	**$**	**171,830,328.01**										

** 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 2020-46 on June 9, 2020, per California Government Code §53646. A copy of this report is available at the office of the City Clerk.

Fiscal YTD
2.020%

Effective Rate of Return

Dana Cortez
City Treasurer

Christopher Awshee
Interim Deputy City Treasurer

6/18/2020
Date

Investment Report
April 2020

Portfolio Monthly Activity Detail

Purchases	Broker	Purchase Date	Description	Quality Rating	Maturity Date	Term	Coupon (%)	YTM 365 (%)	Par Value ($)	Book Value ($)	Market Value ($)
Investment Number											

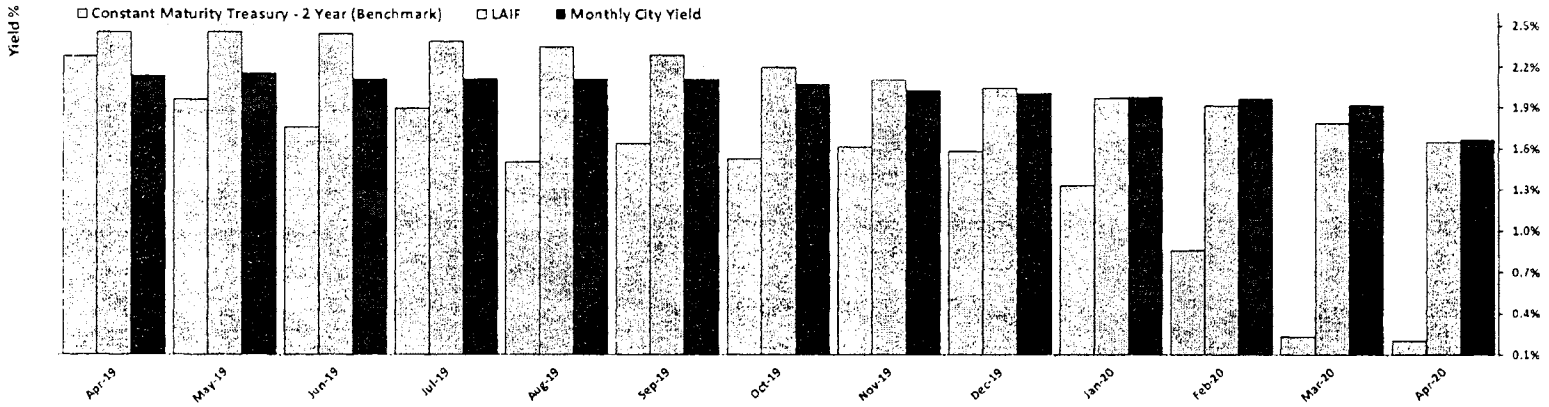
Maturities/Calls/ Sales	Broker	Purchase Date	Description	Quality Rating	Maturity/Call/ Sale Date	Days Held/Days to Maturity/Sale	Coupon (%)	YTM 365 (%)	Par Value ($)	Book Value ($)	Market Value ($)
11247	Stifel, Nicolaus & Company	4/19/2017	FARMER MAC	IMP	4/17/2020	1094/1094	1.640%	1.647%	$ 2,000,000.00	$ 2,000,000.00	$ 2,000,000.00
11207	Stifel, Nicolaus & Company	4/28/2016	FEDERAL HOME LOAN MORTGAGE CO	AA+	4/28/2020	1461/1461	1.350%	1.374%	$ 1,000,000.00	$ 1,000,000.00	$ 1,000,000.00
11281	Stifel, Nicolaus & Company	12/22/2017	FEDERAL FARM CREDIT BANK	AA+	4/29/2020	859/1511	1.620%	2.763%	$ 1,000,000.00	$ 1,000,000.00	$ 1,000,000.00
11211	Stifel, Nicolaus & Company	6/7/2016	Bank of Deerfield	FDIC	4/7/2020	1400/1400	1.300%	1.300%	$ 245,000.00	$ 245,000.00	$ 245,000.00
11157	Multi-Bank Securities, Inc.	4/28/2015	Synchrony Bank Retail	FDIC	4/13/2020	1812/1812	1.900%	1.900%	$ 245,000.00	$ 245,000.00	$ 245,000.00
Annualized Yield / Totals								**1.797%**	**$ 4,490,000.00**	**$ 4,490,000.00**	**$ 4,490,000.00**

UBOC	Beginning Balance	Coupon (%)	Yield (%)	Deposits ($)	Withdrawals ($)		Ending Balance ($)
Money Market	$ 12,430,001.67	0.150%	0.150%	$ 4,597,570.70	$ -		**$ 17,027,572.37**

LAIF	Beginning Balance	Coupon (%)	Yield (%)	Deposits ($)	Withdrawals ($)	Interest Earned ($)	Ending Balance ($)
General	$ 62,484,985.73	1.648%	1.648%	$ 11,740,058.98	$ 9,500,000.00	$ -	$ 64,725,044.71
Totals	**$ 62,484,985.73**	**1.648%**	**1.648%**	**$ 11,740,058.98**	**$ 9,500,000.00**	**$ -**	**$ 64,725,044.71**

Investment Report
April 2020

Portfolio Performance



Portfolio Earnings Summary	Current Month	Fiscal YTD
CD/Coupon/Discount Investments:		
Interest Collected	99,598.48	1,483,669.85
Plus Interest at End of Period	385,820.55	372,883.41
Less Accrued Interest* at Beginning of Period	(354,170.04)	(400,659.54)
Interest Earned during this Period	**$131,248.99**	**$1,455,893.72**
Adjusted By Premiums/Discounts	7,390.99	72,135.35
Adjusted by Capital Gains or Losses (Unrealized)	0.00	4,670.42
Earnings during Periods	**$138,639.98**	**$1,532,699.49**
Cash/Checking Accounts:		
Interest Collected	318,031.20	656,831.22
Plus Accrued Interest* at End of Period	711,271.40	711,271.40
Less Interest at Beginning of Period	(940,257.39)	(414,860.90)
Interest Earned this Period	**$89,045.21**	**$953,241.72**
Total Interest Earned	**$220,294.20**	**$2,409,135.44**
Total Adjustments from Premium and Discounts	7,390.99	72,135.35
Total Capital Gains or Loss (Unrealized)	0.00	4,670.42
Total Earnings this Period	**$227,685.19**	**$2,485,941.21**

Notes :

***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.

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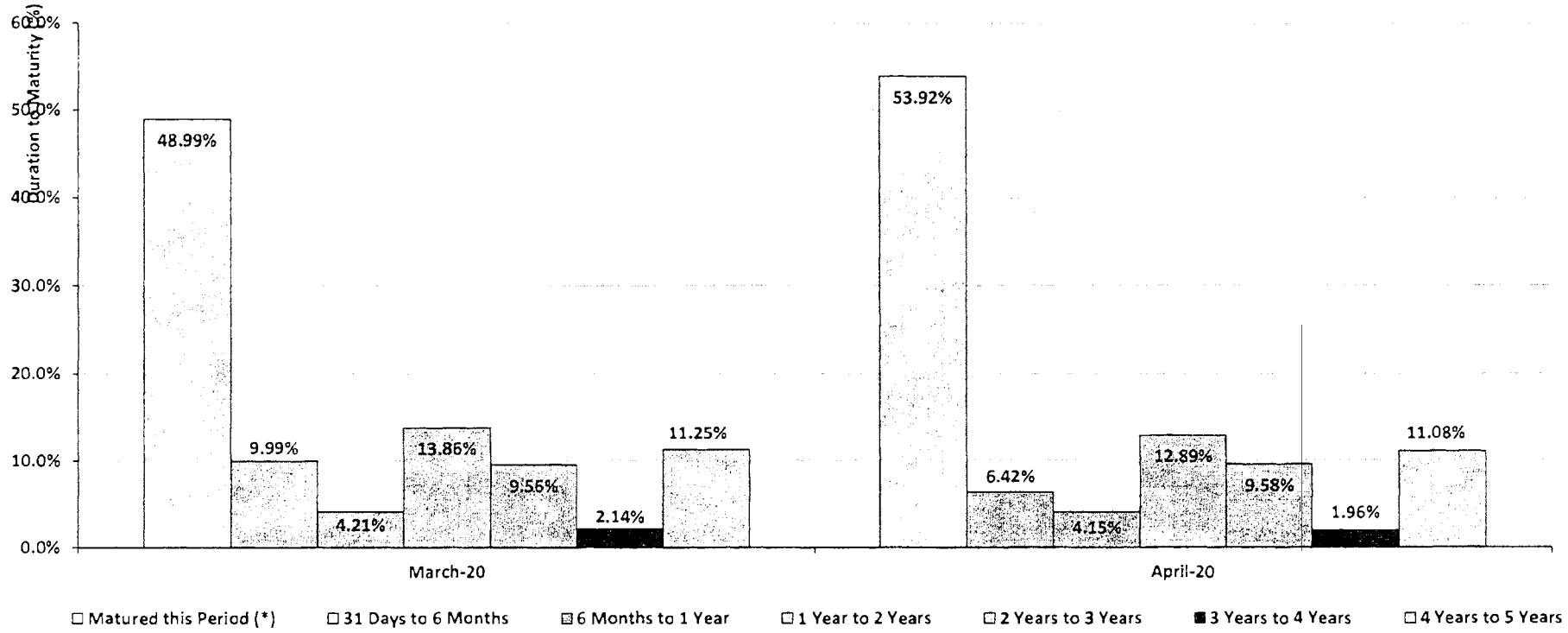
April 2020

Maturity Distribution



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.

* - Includes LAIF and Money Market Account due to its liquidity and maturity of one day.

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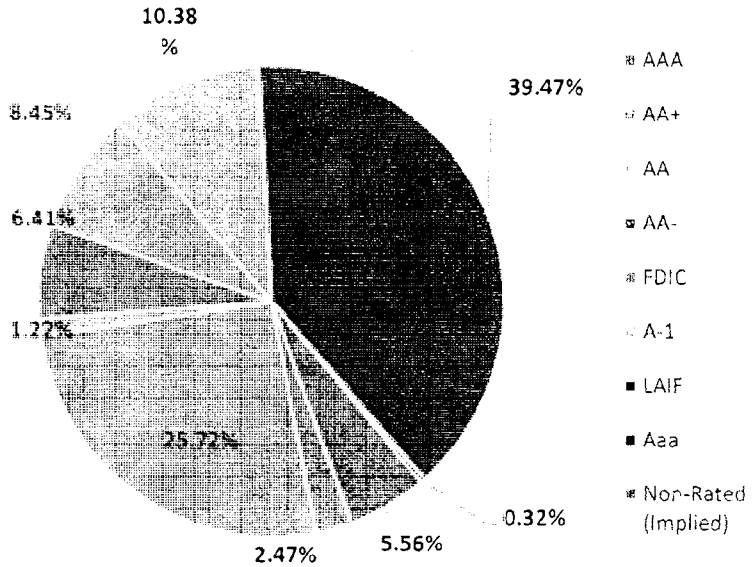
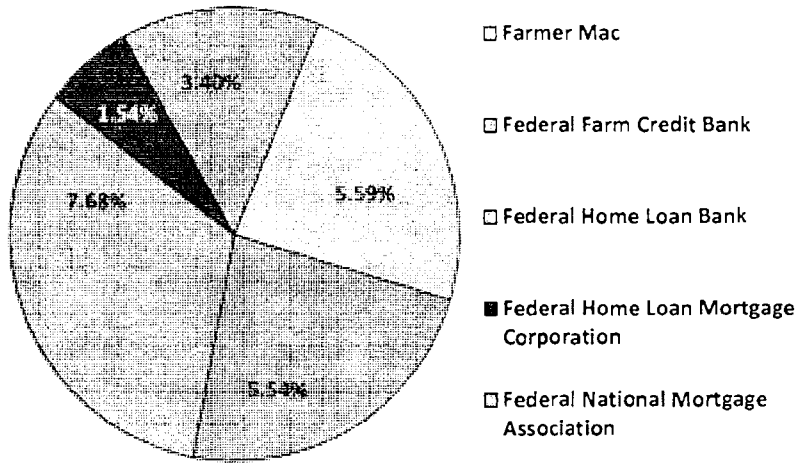
Portfolio Distribution

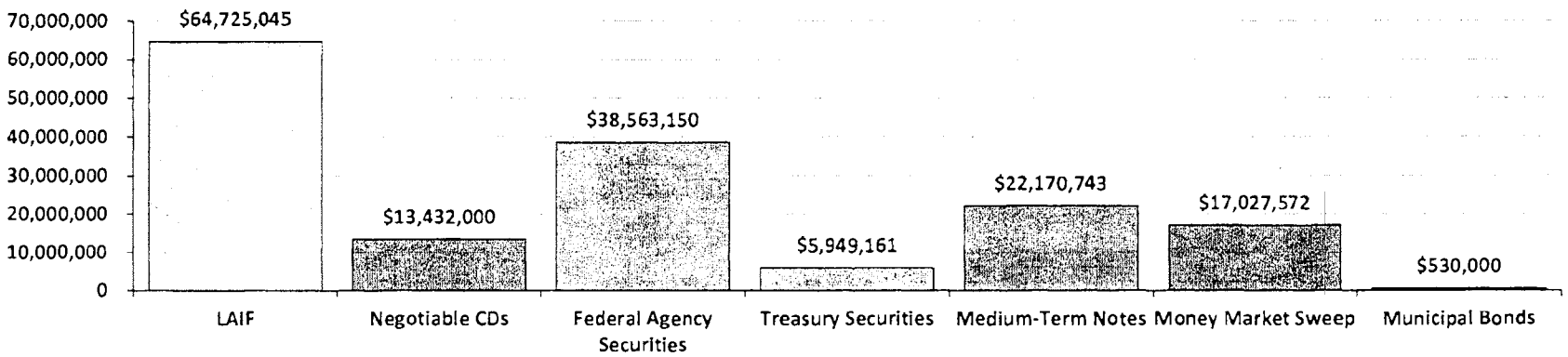
Assigned Credit Ratings of Investments *(Total Portfolio)*



Federal Agencies Distribution *(23.75% of Total Portfolio Book Value)*



Portfolio Sectors *(Book Value)*



Investment Report
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Value of Portfolio per GASB 31

	Beginning Investment Value As of July 1, 2019	Purchase / Redemption of Principal	Change in Market Value	Ending Investment Value As of April 30, 2020
U.S. Treasury Securities	5,926,640.00	-	184,600.00	6,111,240.00
Federal Agency (Coupon)	67,986,825.55	(29,555,364.00)	767,256.20	39,198,717.75
Negotiable Certificate of Deposits	14,974,100.71	(1,631,000.00)	515,330.35	13,858,431.06
Medium-Term Notes	14,433,420.00	7,733,155.00	385,872.50	22,552,447.50
Municipal Bonds	-	530,000.00	292.00	530,292.00
Sub-total per GASB 31:	**103,320,986.26**	**(22,923,209.00)**	**$1,853,351.05**	**82,251,128.31**
Non-GASB				
Local Agency Investment Funds	21,315,409.43	43,409,635.28	-	64,725,044.71
Money Market	8,082,374.18	8,945,198.19	-	17,027,572.37
Federal Agency – Disc.	-	-	-	-
Treasury Security – Disc.	-	-	-	-
Certificate of Deposits -Disc.	-	-	-	-
Commercial paper	-	-	-	-
Sub-total Non-GASB:	**29,397,783.61**	**52,354,833.47**	**-**	**81,752,617.08**
Total Portfolio:	**132,718,769.87**	**29,431,624.47**	**1,853,351.05**	**164,003,745.39**

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 2020-48 on June 9,2020, 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

Dana Cortez
City Treasurer Date: 7/1/20

LeRoy J. Jackson
City Manager Date: 6/24/2020

Patrick Q. Sullivan
City Attorney Date: 6/24/2020

Kristopher Awshee
Interim Deputy City Treasurer Date: 6/24/2020

Eric E. Tsao
Finance Director Date: 6/24/2020

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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
Local Agency Investment Funds												
SYS10000	10000	Local Agency Invest Fund GEN'L		07/01/2018	64,725,044.71	64,725,044.71	64,725,044.71	1.648	LAIF	1.648	1	
		Subtotal and Average	**58,727,017.19**		**64,725,044.71**	**64,725,044.71**	**64,725,044.71**			**1.648**	**1**	
Money Market Sweep Account												
31617510S	10001	Union Bank		07/01/2018	17,027,572.37	17,027,572.37	17,027,572.37	0.150	A-1	0.150	1	
		Subtotal and Average	**13,930,242.32**		**17,027,572.37**	**17,027,572.37**	**17,027,572.37**			**0.150**	**1**	
Federal Agency Issues - Coupon												
3132X0BG5	11181	FARMER MAC		07/15/2015	1,000,000.00	1,002,290.00	1,000,000.00	1.750	IMP	1.750	45	06/15/2020
3132X0MT5	11235	FARMER MAC		12/29/2016	3,000,000.00	3,037,680.00	3,000,000.00	2.000	IMP	2.000	259	01/15/2021
3132X0SY8	11248	FARMER MAC		05/18/2017	2,075,000.00	2,077,137.25	2,075,000.00	1.750	IMP	1.750	17	05/18/2020
3132X0UC3	11256	FARMER MAC		07/28/2017	3,000,000.00	3,008,850.00	3,000,000.00	1.650	IMP	1.659	59	06/29/2020
3133EHLH4	11295	FEDERAL FARM CREDIT BANK		04/05/2018	1,000,000.00	1,031,520.00	986,709.56	1.875	AA+	2.551	761	06/01/2022
3133EKRP3	11319	FEDERAL FARM CREDIT BANK		06/21/2019	3,000,000.00	3,050,670.00	3,000,000.00	2.220	AA+	2.220	1,512	06/21/2024
3133EKRD0	11323	FEDERAL FARM CREDIT BANK		07/10/2019	1,000,000.00	1,032,080.00	998,458.07	1.875	AA+	1.950	774	06/14/2022
3133EKP75	11348	FEDERAL FARM CREDIT BANK		10/09/2019	2,000,000.00	2,083,500.00	2,012,538.86	1.600	AA+	1.451	1,600	09/17/2024
3133ELBF0	11359	FEDERAL FARM CREDIT BANK		12/11/2019	2,000,000.00	2,016,040.00	1,996,497.87	1.890	AA+	1.930	1,671	11/27/2024
313383HU8	11172	FEDERAL HOME LOAN BANK		06/12/2015	2,000,000.00	2,003,760.00	1,999,945.33	1.750	AA+	1.775	42	06/12/2020
3130A8QS5	11221	FEDERAL HOME LOAN BANK		08/25/2016	2,000,000.00	2,021,180.00	1,997,322.24	1.125	AA+	1.240	439	07/14/2021
3130A8QS5	11230	FEDERAL HOME LOAN BANK		09/30/2016	1,000,000.00	1,010,590.00	998,774.34	1.125	AA+	1.230	439	07/14/2021
3130AABG2	11234	FEDERAL HOME LOAN BANK		12/16/2016	1,000,000.00	1,025,640.00	995,536.92	1.875	AA+	2.175	577	11/29/2021
313378CR0	11246	FEDERAL HOME LOAN BANK		03/29/2017	2,000,000.00	2,073,340.00	2,000,000.00	2.250	AA+	2.010	679	03/11/2022
3130ADUD2	11294	FEDERAL HOME LOAN BANK		03/19/2018	1,500,000.00	1,535,985.00	1,499,853.49	2.500	AA+	2.510	392	05/28/2021
313379Q69	11305	FEDERAL HOME LOAN BANK		05/31/2018	2,000,000.00	2,079,140.00	1,978,343.62	2.125	AA+	2.670	770	06/10/2022
3130AGMG7	11322	FEDERAL HOME LOAN BANK		07/10/2019	1,000,000.00	1,018,340.00	999,169.61	1.900	AA+	1.976	409	06/14/2021
3134G9SA6	11215	FEDERAL HOME LOAN MORTGAGE CO		06/23/2016	1,000,000.00	1,001,890.00	1,000,000.00	1.500	AA+	1.500	53	06/23/2020
3134GTTK9	11318	FEDERAL HOME LOAN MORTGAGE CO		06/26/2019	1,500,000.00	1,504,155.00	1,500,000.00	2.375	AA+	2.375	1,517	06/26/2024
3136G3N92	11220	FEDERAL NATIONAL MORT ASSOC		07/29/2016	2,525,000.00	2,562,420.50	2,525,000.00	1.350	AA+	1.350	452	07/27/2021
3136G04T5	11222	FEDERAL NATIONAL MORT ASSOC		08/25/2016	1,000,000.00	1,000,430.00	1,000,000.00	1.500	AA+	1.055	13	05/14/2020
3135G0K69	11223	FEDERAL NATIONAL MORT ASSOC		08/25/2016	2,000,000.00	2,022,080.00	2,000,000.00	1.250	AA+	1.230	370	05/06/2021
		Subtotal and Average	**41,462,233.17**		**38,600,000.00**	**39,198,717.75**	**38,563,149.91**			**1.833**	**615**	
Treasury Securities - Coupon												
912828S27	11233	U.S.TREASURY NOTE		12/15/2016	2,000,000.00	2,022,340.00	1,982,136.80	1.125	AA+	1.930	425	06/30/2021
912828S27	11237	U.S.TREASURY NOTE		02/09/2017	2,000,000.00	2,022,340.00	1,986,051.37	1.125	AA+	1.750	425	06/30/2021
912828XW5	11273	U.S.TREASURY NOTE		11/29/2017	1,000,000.00	1,033,280.00	994,764.60	1.750	AA+	2.004	790	06/30/2022

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Treasury Securities - Coupon												
912828XW5	11286	U.S.TREASURY NOTE		01/31/2018	1,000,000.00	1,033,280.00	986,208.10	1.750	AA+	2.426	790	06/30/2022
		Subtotal and Average	**5,947,726.29**		**6,000,000.00**	**6,111,240.00**	**5,949,160.87**			**1.964**	**547**	
Medium Term Notes												
037833DM9	11350	Apple Bank Savings		11/25/2019	1,000,000.00	1,036,870.00	994,269.41	1.800	AA+	1.938	1,594	09/11/2024
037833DM9	11357	Apple Bank Savings		12/12/2019	2,250,000.00	2,332,957.50	2,233,422.67	1.800	AA+	1.978	1,594	09/11/2024
037833AK6	11301	Apple Inc		05/04/2018	2,500,000.00	2,620,650.00	2,444,847.47	2.400	AA+	3.200	1,097	05/03/2023
05253JAW1	11358	AUST & NZ BANKING GRP NY		12/13/2019	2,500,000.00	2,546,400.00	2,503,391.30	2.050	AA-	1.995	934	11/21/2022
166764AG5	11182	Chevron Corp		07/31/2015	2,000,000.00	2,002,540.00	2,000,377.08	2.427	AA	2.120	54	06/24/2020
459200HM6	11183	IBM		08/18/2015	2,000,000.00	2,000,600.00	1,999,686.70	1.625	AA-	2.050	14	05/15/2020
594918BG8	11199	MicroSoft Corp		11/05/2015	2,000,000.00	2,014,940.00	2,000,000.00	2.000	AAA	1.944	186	11/03/2020
594918BP8	11265	MicroSoft Corp		08/28/2017	2,000,000.00	2,024,380.00	1,991,474.70	1.550	AAA	1.900	464	08/08/2021
89114QBC1	11201	Toronto Dominion Bank		12/14/2015	1,000,000.00	1,010,400.00	1,000,000.00	2.500	AA-	2.473	227	12/14/2020
89236TGN9	11349	Toyota Motor Credit Corp		10/22/2019	2,000,000.00	1,891,880.00	2,000,000.00	2.125	AA-	2.125	1,635	10/22/2024
89236TGL3	11356	Toyota Motor Credit Corp		11/22/2019	3,000,000.00	3,070,830.00	3,003,273.85	2.000	AA-	1.974	1,620	10/07/2024
		Subtotal and Average	**22,169,523.98**		**22,250,000.00**	**22,552,447.50**	**22,170,743.18**			**2.157**	**900**	
Municipal Bonds												
799017VY1	11353	San Mateo Calif UN		11/07/2019	250,000.00	250,670.00	250,000.00	1.689	N/A	1.689	1,218	09/01/2023
799017VZ8	11354	San Mateo Calif UN		11/07/2019	280,000.00	279,622.00	280,000.00	1.739	N/A	1.739	1,584	09/01/2024
		Subtotal and Average	**530,000.00**		**530,000.00**	**530,292.00**	**530,000.00**			**1.716**	**1,411**	
Negotiable CD												
319141GV3	11254	First Bank of Highland		07/19/2017	245,000.00	252,697.90	245,000.00	2.150	FDIC	2.150	809	07/19/2022
33767A4N8	11262	First Bank of Puerto Rico		08/25/2017	245,000.00	253,268.75	245,000.00	2.200	FDIC	2.201	846	08/25/2022
32056GCS7	11277	First Internet Bank of Indiana		12/18/2017	245,000.00	255,138.10	245,000.00	2.350	FDIC	2.350	962	12/19/2022
33583FAC6	11275	First Northeast Bk of Nebraska		12/15/2017	245,000.00	254,466.80	245,000.00	2.250	FDIC	2.251	958	12/15/2022
32110YFW0	11163	First National Bank of America		05/29/2015	245,000.00	245,247.45	245,000.00	1.600	FDIC	1.600	28	05/29/2020
33715LAV2	11268	First Tech Credit Union		10/16/2017	245,000.00	253,989.05	245,000.00	2.250	FDIC	2.252	899	10/17/2022
88413QCK2	11355	Third Federal Savings and Loan		11/25/2019	245,000.00	256,331.25	245,000.00	1.950	FDIC	1.952	1,669	11/25/2024
02587CFU9	11261	American Express		08/29/2017	245,000.00	253,611.75	245,000.00	2.400	FDIC	2.401	850	08/29/2022
01748DBA3	11283	Allegiance Bank		02/07/2018	245,000.00	257,230.40	245,000.00	2.600	FDIC	2.601	1,012	02/07/2023
02007GKC6	11316	Ally Bank		06/06/2019	245,000.00	254,136.05	245,000.00	2.500	FDIC	2.502	766	06/06/2022
02587DV47	11257	American Express Cent #27471		08/08/2017	245,000.00	253,116.85	245,000.00	2.350	FDIC	2.351	829	08/08/2022
08173QBX3	11269	Beneficial Bank		10/18/2017	245,000.00	253,413.30	245,000.00	2.150	FDIC	2.151	900	10/18/2022
05580ACP7	11184	BMW Bank of No America #35141		08/14/2015	245,000.00	246,403.85	245,000.00	2.250	FDIC	2.253	105	08/14/2020

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Negotiable CD												
108622FT3	11251	Bridgewater Bank		06/29/2017	245,000.00	251,749.75	245,000.00	2.000	FDIC	2.002	789	06/29/2022
12325EHV7	11258	Business Bank		07/20/2017	245,000.00	252,161.35	245,000.00	2.050	FDIC	2.051	809	07/19/2022
14042RHM6	11259	Capital One#4297		08/23/2017	245,000.00	254,101.75	245,000.00	2.350	FDIC	2.351	844	08/23/2022
140420TE0	11176	Capital One Bank USA #33954		07/08/2015	247,000.00	247,946.01	247,000.00	2.350	FDIC	2.353	68	07/08/2020
15118RTC1	11351	CELTIC BANK		11/27/2019	245,000.00	255,255.70	245,000.00	1.850	FDIC	1.852	1,671	11/27/2024
17312QJ26	11297	CITIBABNK na		04/11/2018	245,000.00	260,035.65	245,000.00	2.900	FDIC	2.900	1,075	04/11/2023
20033ASX5	11231	Comenity Capital Bank		10/31/2016	245,000.00	248,101.70	245,000.00	1.750	FDIC	1.751	546	10/29/2021
254672NC8	11160	Discover Bank #5649		05/06/2015	245,000.00	245,063.70	245,000.00	1.900	FDIC	1.902	5	05/06/2020
27113PCE9	11285	EAST BOSTON SAVINGS BANK MA		01/30/2018	245,000.00	256,485.60	245,000.00	2.500	FDIC	2.501	1,004	01/30/2023
29278TAH3	11290	ENERBANK usa		02/16/2018	245,000.00	257,659.15	245,000.00	2.650	FDIC	2.650	1,021	02/16/2023
29976DZD5	11177	EverBank #34775		07/14/2015	245,000.00	245,840.35	245,000.00	2.000	FDIC	2.002	74	07/14/2020
307811BR9	11278	Farmers and Merchants BK of WI		12/21/2017	245,000.00	254,515.80	245,000.00	2.250	FDIC	2.252	964	12/21/2022
33847E2J5	11312	Flagstar Bank		06/12/2019	245,000.00	254,209.55	245,000.00	2.500	FDIC	2.500	773	06/13/2022
38148JSU6	11159	Goldman Sachs Bank #33124		05/06/2015	245,000.00	245,063.70	245,000.00	1.900	FDIC	1.902	5	05/06/2020
40434AP45	11202	Household Finance Co		03/10/2016	245,000.00	250,174.40	245,000.00	2.750	FDIC	2.024	313	03/10/2021
45581EAS0	11296	INDUSTRIAL COM BK CHINA USA		04/05/2018	245,000.00	259,876.40	245,000.00	2.900	FDIC	2.903	1,062	03/29/2023
45581EAR2	11288	INDUSTRIAL & COMMERCIAL BK OF		02/14/2018	245,000.00	257,639.55	245,000.00	2.650	FDIC	2.653	1,019	02/14/2023
49278XAK6	11360	Kern Schools Federal Credit Un		12/30/2019	245,000.00	252,325.50	245,000.00	1.900	FDIC	1.902	973	12/30/2022
499724AA0	11276	Knoxville TVA Credit Union		12/07/2017	245,000.00	254,716.70	245,000.00	2.300	FDIC	2.302	950	12/07/2022
51507LBD5	11232	Landmark Community Bank		11/10/2016	245,000.00	248,175.20	245,000.00	1.600	FDIC	1.601	558	11/10/2021
538036CP7	11243	Live Oak Banking Company		04/08/2017	245,000.00	248,799.95	245,000.00	2.100	FDIC	2.102	341	04/07/2021
549103YK9	11224	Luana Savings Bank		09/09/2016	245,000.00	247,925.30	245,000.00	1.350	FDIC	1.351	496	09/09/2021
62384RAB2	11267	MOUTAIN AMERICA CREDIT UNION		10/12/2017	245,000.00	254,246.30	245,000.00	2.300	FDIC	2.303	894	10/12/2022
57116AQV3	11284	MARLIN BUSINESS BANK		01/30/2018	245,000.00	256,505.20	245,000.00	2.500	FDIC	2.503	1,004	01/30/2023
55266CRZ1	11212	MB Financial Bank		06/10/2016	245,000.00	245,276.85	245,000.00	1.350	FDIC	1.351	40	06/10/2020
583626AE6	11287	MECHANICS COOP BANK		02/05/2018	245,000.00	258,884.95	245,000.00	2.550	FDIC	2.550	1,011	02/06/2023
58733ADJ5	11229	mercantil Commercebank Nationa		09/28/2016	245,000.00	247,993.90	245,000.00	1.650	FDIC	1.651	515	09/28/2021
61747MH46	11282	Morgan Stanley Bank		01/25/2018	245,000.00	257,431.30	245,000.00	2.650	FDIC	2.426	999	01/25/2023
61760AG52	11311	Morgan Stanley Private Bank		06/13/2019	245,000.00	262,598.35	245,000.00	2.600	FDIC	2.600	1,504	06/13/2024
67054NAK9	11249	Numerica Credit Union		06/21/2017	245,000.00	253,254.05	245,000.00	2.300	FDIC	2.301	781	06/21/2022
66612ACG1	11289	NORTHFIELD BANK		02/21/2018	245,000.00	252,891.45	245,000.00	2.450	FDIC	2.450	662	02/22/2022
700654AY2	11245	The Park National Bank		03/30/2017	245,000.00	246,643.95	245,000.00	1.950	FDIC	1.952	152	09/30/2020
74160NFN5	11253	Prime Alliance Bank		07/05/2017	245,000.00	251,757.10	245,000.00	2.000	FDIC	2.001	790	06/30/2022
74267GVT1	11244	Private Bank & Trust Co #33306		03/30/2017	245,000.00	252,095.20	245,000.00	2.200	FDIC	2.201	698	03/30/2022
75472RAN1	11352	Raymond James BK		11/26/2019	245,000.00	255,236.10	245,000.00	1.850	FDIC	1.852	1,670	11/26/2024
795450D36	11260	Sallie Mae Bank		08/23/2017	245,000.00	254,101.75	245,000.00	2.350	FDIC	2.351	844	08/23/2022

Data Updated: SET TRE: 06/10/2020 13:26
Run Date: 06/10/2020 - 13:26

Portfolio CITY
AP

Deputy Treasurer Monthly Reports
Portfolio Management
Portfolio Details - Investments
April 30, 2020

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM	Days to Maturity	Maturity Date
Negotiable CD												
8562846V1	11241	STATE BANK of INDIA		03/14/2017	245,000.00	252,658.70	245,000.00	2.350	FDIC	2.351	682	03/14/2022
90348JCR9	11303	UBS Bank		05/30/2018	245,000.00	262,544.45	245,000.00	3.150	FDIC	3.152	1,124	05/30/2023
91435LAG2	11302	University of Iowa		05/15/2018	245,000.00	261,559.55	245,000.00	3.050	FDIC	3.052	1,109	05/15/2023
92937CJP4	11309	WCX BK MIDVALE UTAH		06/07/2019	245,000.00	248,251.15	245,000.00	2.500	FDIC	2.500	220	12/07/2020
949763BH8	11228	Wells Fargo Bank		09/28/2016	245,000.00	248,846.50	245,000.00	1.700	FDIC	1.701	515	09/28/2021
981571BP6	11180	WORLD FOREMOST BANK		07/16/2015	200,000.00	200,780.00	200,000.00	2.400	FDIC	2.403	76	07/16/2020
		Subtotal and Average	13,579,000.00		13,432,000.00	13,858,431.06	13,432,000.00			2.226	753	
		Total and Average	156,345,742.94		162,564,617.08	164,003,745.39	162,397,671.04			1.664	356	

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CASH AND INVESTMENTS RECONCILIATION
AS OF APRIL 30, 2020

INVESTMENTS PER PORTFOLIO SUMMARY		$ 162,397,671.04
Cash in Bank of America General Account	$ 8,718,234.98	
Cash in Bank of America Housing Account	714,421.99	
		9,432,656.97
TOTAL FUNDS PER INVESTMENT REPORT		**$ 171,830,328.01**
OUTSTANDING WARRANTS:		
General Account	$ (1,137,265.28)	
Payroll Account	0.00	
Workers' Compensation Account	(427,745.75)	
Housing Account	(7,041.00)	
		(1,572,052.03)
DEPOSITS IN TRANSIT:		
April 2020 Minol cash collection	$ 655,089.81	
April 2020 Cash deposits	2,384.79	
April 2020 Credit card receipts	113,618.18	
April 2020 Accela Wires	7,631.30	
		778,724.08
TOTAL CASH AND INVESTMENTS PER BOOKS		**$ 171,037,000.06**

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, or16313.
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,

Glossary

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 charted 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

Glossary

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.

Glossary

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 it 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)

Glossary

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.

Sources:

- *www.investopedia.com*
- *www.thefreedictionary.com*
- *www.msrb.org/glossary/definition/note.aspx*
- *CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION (CDIAC) California Public Fund Investment Primer, December 2009*

City of Torrance, California
Investment Report Summary Notes
For the Month of: May 2020

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.

The portfolio yielded 1.482% for May, a decrease of 18.2 basis points over the previous month of April. The effective rate of return for fiscal year-to-date yield is 1.980% compared to 2.050% a year ago.

As of May 31, 2020 the ending balance of total funds was $179,560,837, an increase of approximately $7.7M from the previous month; which included investments of $162,604,283 and cash of $16,956,554. Typically, the City experiences seasonal revenues of higher cash inflow from December through February and April through May and lower cash inflow from July through November. In addition, at the beginning of the fiscal year, the City experiences higher cash outflow, where the City makes payments for annual contracts and obligations.

The LAIF balance remained unchanged at $64.7M. The investment activity for May 2020, included investments and redemptions of Local Agency Investment Funds. LAIF earned a yield of 1.363%, which is lower than the previous month in April by 28.5 basis points. LAIF funds are available on a daily basis and earns a higher yield than the benchmark of the 1-year and 2-year U.S. Constant Maturing Treasury (CMT) at .17% and .16%, respectively. The City is closely monitoring the daily LAIF rate, as the LAIF rate continues to trend downward.

There were no purchases of fixed income instruments during the month. However, six investments were redeemed, which consisted of six maturities, totaling $ 5.7M with an average yield of 1.71%.

Redemptions

Redemption Issuer	Rating	Par Value (in millions)	Call Date	Maturity Date	Term Yr	Coupon	YTM	Disc/Par /Prem	Structure	Broker	Days/ Months Held	Called/ Matured
Federal National Mort Assoc	AA+	$1.0	-	05/14/2020	3.7	1.50%	1.06%	Prem	Agency	Wedbush	1358/45.3	Matured
Farmer Mac	IMP	$2.1	-	05/18/2020	3.0	1.75%	1.75%	Par	Agency	Stifel, Nicolaus	1096/36.5	Matured
IBM	AA-	$2.0	-	05/15/2020	4.7	1.63%	2.03%	Disc	Medium-Term Note	Mutual Securities	1732/57.7	Matured
Discover Bank	FDIC	$0.2	-	05/06/2020	5.0	1.90%	1.90%	Par	CD	Multi-Bank Securities	1827/60.9	Matured
Goldman Sachs Bank	FDIC	$0.2	-	05/06/2020	5.0	1.90%	1.90%	Par	CD	Multi-Bank Securities	1827/60.9	Matured
First National Bank of America	FDIC	$0.2	-	05/29/2020	5.0	1.60%	1.60%	Par	CD	Higgins Capital	1827/60.9	Matured
		$5.7										

Prepared by the Finance Department for the Investment Advisory Committee

City of Torrance, California
Investment Report Summary Notes
For the Month of: May 2020

Liquidity of the Portfolio

- A yield curve is typically defined as the difference between the 3-month and 10-year treasury rate which showed an upward slope. However, the City uses the 1-year and 5-year yield curve, as the City is allowed to purchase investments up to five years per the City's investment policy. The shape of the 1-year and 5-year yield curve also showed an upward slope, which means the 5-year is yielding higher than the 1-year by 13 basis points. As of May 31, 2020, the 1-year, 3-year and 5-year treasury yield was .17%, .19% and .30%, respectively.

- The City is in compliance with California Government Code Section 53646 which requires local agency to report its ability to meet pooled expenditure requirements for the next six (6) months. Over the next 6 months, cash, cash equivalents (LAIF) and inflows exceed cash outflows by $5.3M. Large cash outflows anticipated, consists of the FY19/20 TRAN payment in June 2020 and the monthly payment of pension costs starting in July 2020.

Cash Activity/Balances projected over the next 6 months:

Cash Balance as of May 31, 2020	$17.0M
LAIF Balance as of May 31, 2020	$64.7M
Cash Inflows	$153.3M
Cash outflows	($229.7M)
Net cash inflow	$5.3M

Investment Comparison to Benchmark

As stated above for the month of May, the City's portfolio yielded 1.482%; which is a decrease of 18.2 basis points over the previous month of April. The effective rate of return for fiscal year-to-date is 1.980%. The 1 year U.S. Constant Maturing Treasury (CMT) is .17% and the 2 year U.S. CMT is .16%. The City's portfolio has a current average maturity of 341 days or 0.93 years, which is a decrease of 15 days from the previous month. In a decreasing interest rate environment, it is expected the City's portfolio will usually compare favorably to its benchmark primarily due to the buy and hold trading philosophy.

The City's investment strategy remains the same, which is to place investments to mature during periods of upcoming cash flow needs. Given the current environment where LAIF is earning approximately 61 basis points over 2-year to 5-year fixed income instruments, and the requirement of having funds available to pay the FY19/20 TRAN and the monthly payment of pension costs, the City will continue to place monies in LAIF.

Investment Report
May 2020

Portfolio Highlights

RETURN	Current Month	Prior Month
City Portfolio YTM	1.482%	1.664%
U.S. Treasury Constant Maturity (2 year)	0.160%	0.200%
LAIF Monthly Return	1.363%	1.648%
INCOME	**Current Month**	**Prior Month**
Fiscal Year to Date	$2,707,319.39	$2,485,941.21
Current Month	$222,132.60	$227,685.19
MATURITY	**Current Month**	**Prior Month**
Days to Maturity	341	356
Days to Maturity (Prior Year)	478	500
Average Maturity (Years)	0.93	0.98
VOLUMES	**Total Volume ($)***	**# of Transactions****
Purchases/Deposits*	$10,009,373.34	0
Maturities/Redemptions*	$9,810,000.00	6
EFFECTIVE RATE OF RETURN	**Fiscal Year to Date**	**Prior Year to Date**
Effective Rate of Return	1.980%	2.050%

**Includes LAIF and MMA activity*

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

Portfolio Activity Summary

Month End	Year	# of Securities	Average Balance	Yield to Maturity 365 (%)	LAIF Rate	# of Investments Purchased	# of Investments Redeemed	Average Term	Average Days to Maturity
May	2019	123	164,161,516.71	2.145	2.449	2	2	1,011	478
June	2019	130	160,915,988.63	2.106	2.428	9	11	1,257	655
July	2019	124	157,273,857.25	2.108	2.379	5	3	1,191	620
August	2019	121	133,510,438.90	2.107	2.341	0	4	1,224	608
September	2019	117	138,173,302.03	2.107	2.280	0	11	994	463
October	2019	108	136,853,612.28	2.069	2.190	2	6	1,002	457
November	2019	109	139,209,231.68	2.024	2.103	7	4	1,007	471
December	2019	109	141,727,023.21	2.004	2.043	4	3	941	457
January	2020	106	153,083,971.66	1.973	1.967	0	0	922	430
February	2020	106	161,652,681.39	1.959	1.912	0	3	860	396
March	2020	103	156,591,322.64	1.913	1.787	0	2	858	381
April	2020	101	156,345,742.94	1.664	1.648	0	5	809	356
May	2020	96	161,602,868.99	1.482	1.363	0	6	756	341
	Average:	**112**	**150,821,659.13**	**1.963%**	**2.068%**	**2**	**5**	**987**	**470**

Investment Report
May 2020

Portfolio Summary

		Book Value ($)	% of Portfolio *		Market Value ($)	% of Portfolio *	S&P Rating	S/P % per Policy	Modified Duration	Days to Maturity	Maximum Term	YTM
Local Agency Investment Fund [LAIF]	$	64,725,044.71	39.80%	$	64,725,044.71	39.34%	LAIF	$65MM	0.000	1	N/A	1.361%
Union Bank Custodial - Money Market Account	$	**23,036,945.71**	**14.17%**	$	**23,036,945.71**	**14.00%**	**A-1**	**100%**	**0.000**	**1**	**N/A**	**0.080%**
U.S. Treasury Securities	$	**5,952,227.90**	**3.66%**	$	**6,104,980.00**	**3.71%**	**AA+**	**100%**	**1.396**	**516**	**5-Year**	**1.964%**
Federal Agency Issues	$	**35,490,042.63**	**21.82%**	$	**36,101,766.75**	**21.94%**		**75%**	**1.690**	**636**	**5-Year**	**1.860%**
Fannie Mae	$	7,000,000.00	4.30%	$	7,038,200.00	4.28%	NR/IMP	30%	0.303	111	5-Year	1.818%
Federal Farm Credit Bank	$	8,994,621.76	5.53%	$	9,222,860.00	5.61%	AA+	30%	3.587	1,371	5-Year	1.990%
Federal Home Loan Bank	$	12,470,420.87	7.67%	$	12,757,775.00	7.75%	AA+	30%	1.191	438	5-Year	1.962%
Federal Home Loan Mortgage Corporation	$	2,500,000.00	1.54%	$	2,502,785.00	1.52%	AA+	30%	2.315	900	5-Year	2.075%
Federal National Mortgage Association	$	4,525,000.00	2.78%	$	4,580,146.75	2.78%	AA+	30%	1.047	384	5-Year	1.297%
Negotiable Certificates of Deposit	$	**12,697,000.00**	**7.81%**	$	**13,213,210.01**	**8.03%**	**FDIC**	**20%**	**2.043**	**765**	**5-Year**	**2.251%**
Municipal Bonds	$	**530,000.00**	**0.33%**	$	**532,403.20**	**0.32%**		**10%**	**3.627**	**1,380**	**5-Year**	**1.716%**
San Mateo Calif Un	$	530,000.00	0.33%	$	532,403.20	0.32%	N/A	10%	3.627	1,380	5-Year	1.716%
Medium-Term Notes	$	**20,173,022.38**	**12.41%**	$	**20,823,515.00**	**12.66%**		**20%**	**2.544**	**957**	**5-Year**	**2.168%**
Apple Bank Savings	$	3,228,118.35	1.99%	$	3,415,295.00	2.08%	AA+	5%	4.113	1,563	5-Year	1.965%
Apple Inc	$	2,446,376.65	1.50%	$	2,646,050.00	1.61%	AA+	5%	2.832	1,066	5-Year	1.200%
AUST & NZ BANKING GRP NY	$	2,503,280.72	1.54%	$	2,584,300.00	1.57%	AA-	5%	2.414	903	5-Year	1.995%
Chevron Corp	$	2,000,000.00	1.23%	$	2,002,560.00	1.22%	AA	5%	0.063	23	5-Year	2.120%
MicroSoft Corporation	$	3,997,034.35	2.46%	$	4,039,600.00	2.46%	AAA	5%	0.799	293	5-Year	1.922%
Toronto Dominion Bank	$	1,000,000.00	0.61%	$	1,011,640.00	0.61%	AA-	5%	0.529	196	5-Year	2.473%
Toyota Motor Credit Corp	$	5,003,212.31	3.08%	$	5,123,870.00	3.11%	AA-	5%	4.259	1,594	5-Year	2.034%
Total Investments:	$	**162,604,283.33**	**100.00%**	$	**164,537,865.38**	**100.00%**			**0.920**	**341**		**1.482%**
Cash in Bank (General):	$	**16,076,316.22**										
Cash in Bank (Housing):	$	**880,237.25**										
LAIF-TRANs Funds:	$	-										
Total Funds:	$	**179,560,836.80**										

** 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.*

Fiscal YTD
1.980%
Effective Rate of Return

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 20-[illegible] on June 9, 2020, per California Government Code §53601. A copy of the policy is available at the office of the City Clerk.

Dana Cortez
City Treasurer

Kristopher Awshee
Interim Deputy City Treasurer

6/18/2020
Date

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Investment Report
May 2020

Portfolio Monthly Activity Detail

Purchases	Broker	Purchase Date	Description	Quality Rating	Maturity Date	Term	Coupon (%)	YTM 365 (%)	Par Value ($)	Book Value ($)	Market Value ($)
Investment Number											

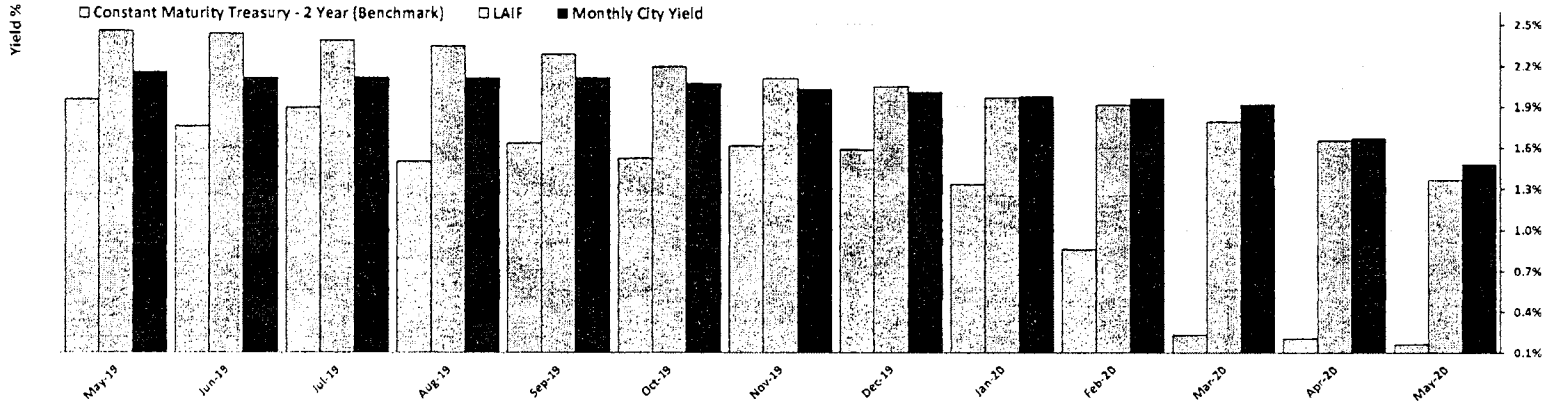
Maturities/Calls /Sales	Broker	Purchase Date	Description	Quality Rating	Maturity/Call/ Sale Date	Days Held/Days to Maturity/Sale	Coupon (%)	YTM 365 (%)	Par Value ($)	Book Value ($)	Market Value ($)
11222	Wedbush Securities Inc.	8/25/2016	FEDERAL NATIONAL MORT ASSOC	AA+	5/14/2020	1358/1358	1.500%	1.064%	$ 1,000,000.00	$ 1,000,000.00	$ 1,000,000.00
11248	Stifel, Nicolaus & Company	5/18/2017	FARMER MAC	IMP	5/18/2020	1096/1096	1.750%	1.748%	$ 2,075,000.00	$ 2,075,000.00	$ 2,075,000.00
11183	Mutual Securities, Inc	8/18/2015	IBM	AA-	5/15/2020	1732/1732	1.625%	2.076%	$ 2,000,000.00	$ 2,000,000.00	$ 2,000,000.00
11160	Multi-Bank Securities, Inc.	5/6/2015	Discover Bank #5649	FDIC	5/6/2020	1827/1827	1.900%	1.900%	$ 245,000.00	$ 245,000.00	$ 245,000.00
11159	Multi-Bank Securities, Inc.	5/6/2015	Goldman Sachs Bank #33124	FDIC	5/6/2020	1827/1827	1.900%	1.900%	$ 245,000.00	$ 245,000.00	$ 245,000.00
11163	Higgins Capital Management, Inc.	5/29/2015	First National Bank of America	FDIC	5/29/2020	1827/1827	1.600%	1.600%	$ 245,000.00	$ 245,000.00	$ 245,000.00
Annualized Yield / Totals								**1.706%**	**$ 5,810,000.00**	**$ 5,810,000.00**	**$ 5,810,000.00**

UBOC	Beginning Balance	Coupon (%)	Yield (%)	Deposits ($)	Withdrawals ($)	Ending Balance ($)
Money Market	$ 17,027,572.37	0.080%	0.080%	$ 6,009,373.34	$ -	$ **23,036,945.71**

LAIF	Beginning Balance	Coupon (%)	Yield (%)	Deposits ($)	Withdrawals ($)	Interest Earned ($)	Ending Balance ($)
General	$ 64,725,044.71	1.363%	1.363%	$ 4,000,000.00	$ 4,000,000.00	$ -	$ 64,725,044.71
Totals	**$ 64,725,044.71**	**1.363%**	**1.363%**	**$ 4,000,000.00**	**$ 4,000,000.00**	**$ -**	**$ 64,725,044.71**

Investment Report
May 2020

Portfolio Performance



Portfolio Earnings Summary	Current Month	Fiscal YTD
CD/Coupon/Discount Investments:		
Interest Collected	197,092.37	1,680,762.22
Plus Interest at End of Period	312,951.57	300,014.43
Less Accrued Interest* at Beginning of Period	(385,820.55)	(400,659.54)
Interest Earned during this Period	**$124,223.39**	**$1,580,117.11**
Adjusted By Premiums/Discounts	7,238.95	79,374.30
Adjusted by Capital Gains or Losses (Unrealized)	0.00	4,670.42
Earnings during Periods	**$131,462.34**	**$1,664,161.83**
Cash/Checking Accounts:		
Interest Collected	2,280.97	659,112.19
Plus Accrued Interest* at End of Period	798,906.27	798,906.27
Less Interest at Beginning of Period	(710,516.98)	(414,860.90)
Interest Earned this Period	**$90,670.26**	**$1,043,157.56**
Total Interest Earned	**$214,893.65**	**$2,623,274.67**
Total Adjustments from Premium and Discounts	7,238.95	79,374.30
Total Capital Gains or Loss (Unrealized)	0.00	4,670.42
Total Earnings this Period	**$222,132.60**	**$2,707,319.39**

Notes :

***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 securties. The cost of the premium or discount is amoritized 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.

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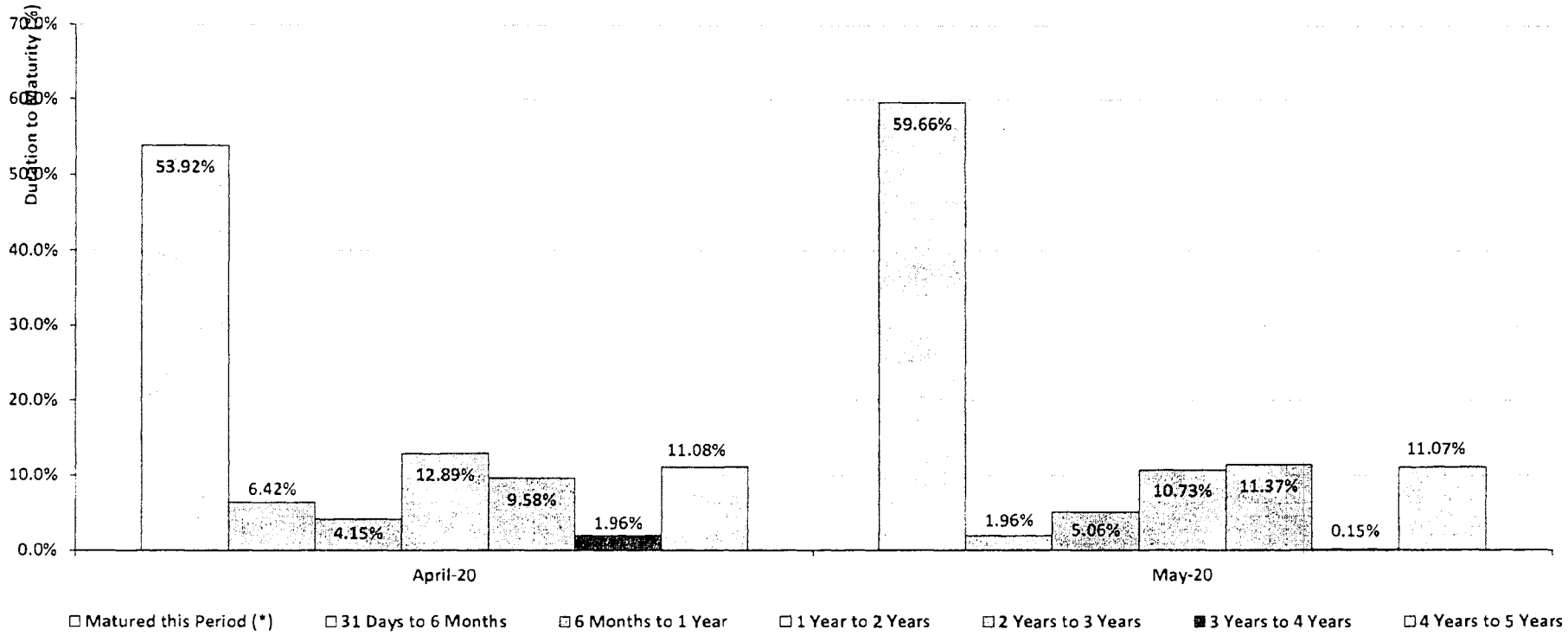
Maturity Distribution



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.

* - Includes LAIF and Money Market Account due to its liquidity and maturity of one day.

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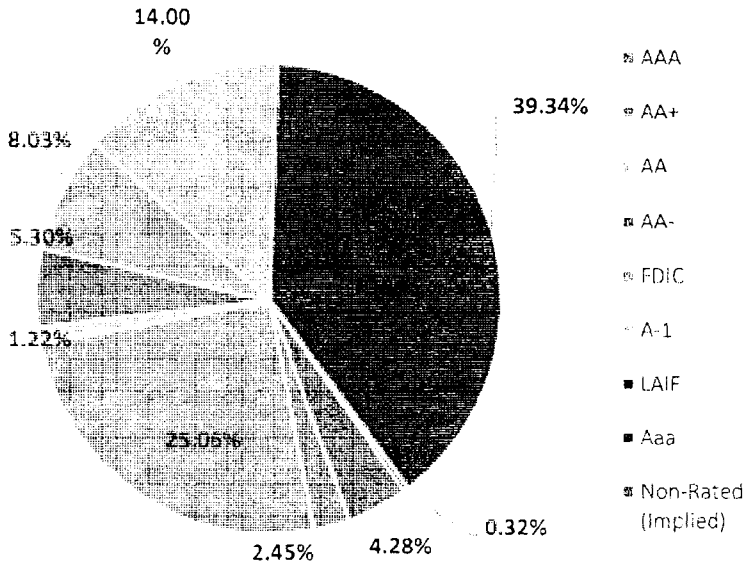
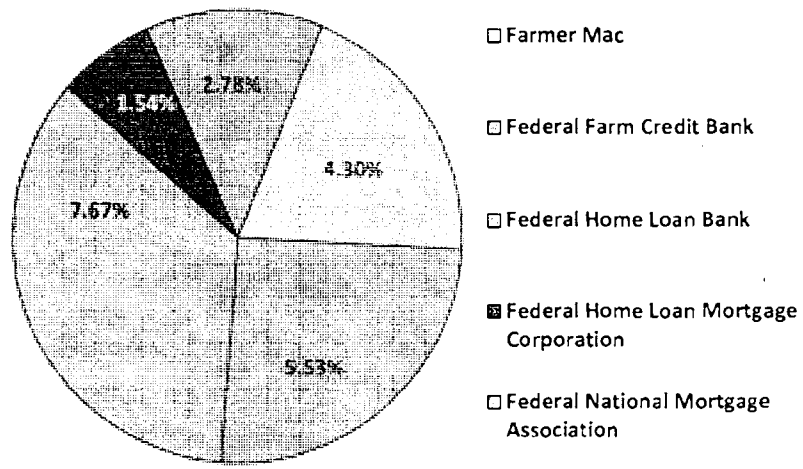
Portfolio Distribution

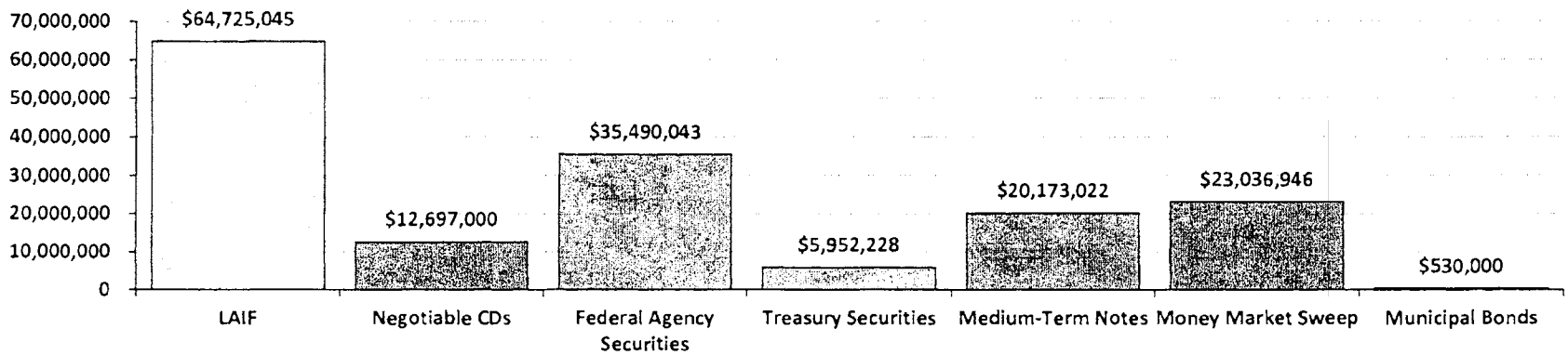
Assigned Credit Ratings of Investments *(Total Portfolio)*



Federal Agencies Distribution *(21.82% of Total Portfolio Book Value)*



Portfolio Sectors *(Book Value)*



Investment Report
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Value of Portfolio per GASB 31

	Beginning Investment Value As of July 1, 2019	Purchase / Redemption of Principal	Change in Market Value	Ending Investment Value As of May 31, 2020
U.S. Treasury Securities	5,926,640.00	-	178,340.00	6,104,980.00
Federal Agency (Coupon)	67,986,825.55	(32,630,364.00)	745,305.20	36,101,766.75
Negotiable Certificate of Deposits	14,974,100.71	(2,366,000.00)	605,109.30	13,213,210.01
Medium-Term Notes	14,433,420.00	5,733,155.00	656,940.00	20,823,515.00
Municipal Bonds	-	530,000.00	2,403.20	532,403.20
Sub-total per GASB 31:	**103,320,986.26**	**(28,733,209.00)**	**$2,188,097.70**	**76,775,874.96**
Non-GASB				
Local Agency Investment Funds	21,315,409.43	43,409,635.28	-	64,725,044.71
Money Market	8,082,374.18	14,954,571.53	-	23,036,945.71
Federal Agency – Disc.	-	-	-	-
Treasury Security – Disc.	-	-	-	-
Certificate of Deposits -Disc.	-	-	-	-
Commercial paper	-	-	-	-
Sub-total Non-GASB:	**29,397,783.61**	**58,364,206.81**	**-**	**87,761,990.42**
Total Portfolio:	**132,718,769.87**	**29,630,997.81**	**2,188,097.70**	**164,537,865.38**

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 2020-48 on June 9, 2020, 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

Dana Cortez
City Treasurer Date: 7/1/20

LeRoy J. Jackson
City Manager Date: 6/24/2020

Patrick O. Sullivan
City Attorney Date: 6/24/2020

Kristopher Awshee
Interim Deputy City Treasurer Date: 6/24/2020

Eric E. Tsao
Finance Director Date: 6/24/2020

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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
Local Agency Investment Funds												
SYS10000	10000	Local Agency Invest Fund GEN'L		07/01/2018	64,725,044.71	64,725,044.71	64,725,044.71	1.363	LAIF	1.363	1	
		Subtotal and Average	63,821,818.90		64,725,044.71	64,725,044.71	64,725,044.71			1.363	1	
Money Market Sweep Account												
31617510S	10001	Union Bank		07/01/2018	23,036,945.71	23,036,945.71	23,036,945.71	0.080	A-1	0.080	1	
		Subtotal and Average	20,181,347.88		23,036,945.71	23,036,945.71	23,036,945.71			0.080	1	
Federal Agency Issues - Coupon												
3132X0BG5	11181	FARMER MAC		07/15/2015	1,000,000.00	1,000,850.00	1,000,000.00	1.750	IMP	1.750	14	06/15/2020
3132X0MT5	11235	FARMER MAC		12/29/2016	3,000,000.00	3,032,730.00	3,000,000.00	2.000	IMP	2.000	228	01/15/2021
3132X0UC3	11256	FARMER MAC		07/28/2017	3,000,000.00	3,004,620.00	3,000,000.00	1.650	IMP	1.659	28	06/29/2020
3133EHLH4	11295	FEDERAL FARM CREDIT BANK		04/05/2018	1,000,000.00	1,032,480.00	987,241.18	1.875	AA+	2.551	730	06/01/2022
3133EKRP3	11319	FEDERAL FARM CREDIT BANK		06/21/2019	3,000,000.00	3,048,240.00	3,000,000.00	2.220	AA+	2.220	1,481	06/21/2024
3133EKRD0	11323	FEDERAL FARM CREDIT BANK		07/10/2019	1,000,000.00	1,032,720.00	998,518.70	1.875	AA+	1.950	743	06/14/2022
3133EKP75	11348	FEDERAL FARM CREDIT BANK		10/09/2019	2,000,000.00	2,095,280.00	2,012,300.18	1.600	AA+	1.451	1,569	09/17/2024
3133ELBF0	11359	FEDERAL FARM CREDIT BANK		12/11/2019	2,000,000.00	2,014,140.00	1,996,561.70	1.890	AA+	1.930	1,640	11/27/2024
313383HU8	11172	FEDERAL HOME LOAN BANK		06/12/2015	2,000,000.00	2,001,000.00	1,999,985.33	1.750	AA+	1.775	11	06/12/2020
3130A8QS5	11221	FEDERAL HOME LOAN BANK		08/25/2016	2,000,000.00	2,021,140.00	1,997,507.77	1.125	AA+	1.240	408	07/14/2021
3130A8QS5	11230	FEDERAL HOME LOAN BANK		09/30/2016	1,000,000.00	1,010,570.00	998,859.26	1.125	AA+	1.230	408	07/14/2021
3130AABG2	11234	FEDERAL HOME LOAN BANK		12/16/2016	1,000,000.00	1,025,720.00	995,772.64	1.875	AA+	2.175	546	11/29/2021
313378CR0	11246	FEDERAL HOME LOAN BANK		03/29/2017	2,000,000.00	2,071,060.00	2,000,000.00	2.250	AA+	2.010	648	03/11/2022
3130ADUD2	11294	FEDERAL HOME LOAN BANK		03/19/2018	1,500,000.00	1,534,635.00	1,499,864.84	2.500	AA+	2.510	361	05/28/2021
313379Q69	11305	FEDERAL HOME LOAN BANK		05/31/2018	2,000,000.00	2,075,780.00	1,979,199.60	2.125	AA+	2.670	739	06/10/2022
3130AGMG7	11322	FEDERAL HOME LOAN BANK		07/10/2019	1,000,000.00	1,017,870.00	999,231.43	1.900	AA+	1.976	378	06/14/2021
3134G9SA6	11215	FEDERAL HOME LOAN MORTGAGE CO		06/23/2016	1,000,000.00	1,000,790.00	1,000,000.00	1.500	AA+	1.500	22	06/23/2020
3134GTTK9	11318	FEDERAL HOME LOAN MORTGAGE CO		06/26/2019	1,500,000.00	1,501,995.00	1,500,000.00	2.375	AA+	2.375	1,486	06/26/2024
3136G3N92	11220	FEDERAL NATIONAL MORT ASSOC		07/29/2016	2,525,000.00	2,560,526.75	2,525,000.00	1.350	AA+	1.350	421	07/27/2021
3135G0K69	11223	FEDERAL NATIONAL MORT ASSOC		08/25/2016	2,000,000.00	2,019,620.00	2,000,000.00	1.250	AA+	1.230	339	05/06/2021
		Subtotal and Average	37,046,415.39		35,525,000.00	36,101,766.75	35,490,042.63			1.860	636	
Treasury Securities - Coupon												
912828S27	11233	U.S.TREASURY NOTE		12/15/2016	2,000,000.00	2,019,760.00	1,983,439.76	1.125	AA+	1.930	394	06/30/2021
912828S27	11237	U.S.TREASURY NOTE		02/09/2017	2,000,000.00	2,019,760.00	1,987,068.80	1.125	AA+	1.750	394	06/30/2021
912828XW5	11273	U.S.TREASURY NOTE		11/29/2017	1,000,000.00	1,032,730.00	994,970.04	1.750	AA+	2.004	759	06/30/2022
912828XW5	11286	U.S.TREASURY NOTE		01/31/2018	1,000,000.00	1,032,730.00	986,749.30	1.750	AA+	2.426	759	06/30/2022

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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	5,950,743.86		6,000,000.00	6,104,980.00	5,952,227.90			1.964	516	
Medium Term Notes												
037833DM9	11350	Apple Bank Savings		11/25/2019	1,000,000.00	1,050,860.00	994,378.91	1.800	AA+	1.938	1,563	09/11/2024
037833DM9	11357	Apple Bank Savings		12/12/2019	2,250,000.00	2,364,435.00	2,233,739.44	1.800	AA+	1.978	1,563	09/11/2024
037833AK6	11301	Apple Inc		05/04/2018	2,500,000.00	2,646,050.00	2,446,376.65	2.400	AA+	3.200	1,066	05/03/2023
05253JAW1	11358	AUST & NZ BANKING GRP NY		12/13/2019	2,500,000.00	2,584,300.00	2,503,280.72	2.050	AA-	1.995	903	11/21/2022
166764AG5	11182	Chevron Corp		07/31/2015	2,000,000.00	2,002,560.00	2,000,000.00	2.427	AA	2.120	23	06/24/2020
594918BG8	11199	MicroSoft Corp		11/05/2015	2,000,000.00	2,011,960.00	2,000,000.00	2.000	AAA	1.944	155	11/03/2020
594918BP8	11265	MicroSoft Corp		08/28/2017	2,000,000.00	2,027,840.00	1,992,034.35	1.550	AAA	1.900	433	08/08/2021
89114QBC1	11201	Toronto Dominion Bank		12/14/2015	1,000,000.00	1,011,640.00	1,000,000.00	2.500	AA-	2.473	196	12/14/2020
89236TGN9	11349	Toyota Motor Credit Corp		10/22/2019	2,000,000.00	2,008,220.00	2,000,000.00	2.125	AA-	2.125	1,604	10/22/2024
89236TGL3	11356	Toyota Motor Credit Corp		11/22/2019	3,000,000.00	3,115,650.00	3,003,212.31	2.000	AA-	1.974	1,589	10/07/2024
		Subtotal and Average	21,075,220.39		20,250,000.00	20,823,515.00	20,173,022.38			2.168	957	
Municipal Bonds												
799017VY1	11353	San Mateo Calif UN		11/07/2019	250,000.00	251,510.00	250,000.00	1.689	N/A	1.689	1,187	09/01/2023
799017VZ8	11354	San Mateo Calif UN		11/07/2019	280,000.00	280,893.20	280,000.00	1.739	N/A	1.739	1,553	09/01/2024
		Subtotal and Average	530,000.00		530,000.00	532,403.20	530,000.00			1.716	1,380	
Negotiable CD												
319141GV3	11254	First Bank of Highland		07/19/2017	245,000.00	254,878.40	245,000.00	2.150	FDIC	2.150	778	07/19/2022
33767A4N8	11262	First Bank of Puerto Rico		08/25/2017	245,000.00	255,527.65	245,000.00	2.200	FDIC	2.201	815	08/25/2022
32056GCS7	11277	First Internet Bank of Indiana		12/18/2017	245,000.00	257,615.05	245,000.00	2.350	FDIC	2.350	931	12/19/2022
33583FAC6	11275	First Northeast Bk of Nebraska		12/15/2017	245,000.00	256,951.10	245,000.00	2.250	FDIC	2.251	927	12/15/2022
33715LAV2	11268	First Tech Credit Union		10/16/2017	245,000.00	256,353.30	245,000.00	2.250	FDIC	2.252	868	10/17/2022
88413QCK2	11355	Third Federal Savings and Loan		11/25/2019	245,000.00	257,872.30	245,000.00	1.950	FDIC	1.952	1,638	11/25/2024
02587CFU9	11261	American Express		08/29/2017	245,000.00	255,880.45	245,000.00	2.400	FDIC	2.401	819	08/29/2022
01748DBA3	11283	Allegiance Bank		02/07/2018	245,000.00	259,761.25	245,000.00	2.600	FDIC	2.601	981	02/07/2023
02007GKC6	11316	Ally Bank		06/06/2019	245,000.00	256,154.85	245,000.00	2.500	FDIC	2.502	735	06/06/2022
02587DV47	11257	American Express Cent #27471		08/08/2017	245,000.00	255,334.10	245,000.00	2.350	FDIC	2.351	798	08/08/2022
08173QBX3	11269	Beneficial Bank		10/18/2017	245,000.00	255,799.60	245,000.00	2.150	FDIC	2.151	869	10/18/2022
05580ACP7	11184	BMW Bank of No America #35141		08/14/2015	245,000.00	246,141.70	245,000.00	2.250	FDIC	2.253	74	08/14/2020
108622FT3	11251	Bridgewater Bank		06/29/2017	245,000.00	253,910.65	245,000.00	2.000	FDIC	2.002	758	06/29/2022
12325EHV7	11258	Business Bank		07/20/2017	245,000.00	254,361.45	245,000.00	2.050	FDIC	2.051	778	07/19/2022
14042RHM6	11259	Capital One#4297		08/23/2017	245,000.00	256,331.25	245,000.00	2.350	FDIC	2.351	813	08/23/2022
140420TE0	11176	Capital One Bank USA #33954		07/08/2015	247,000.00	247,612.56	247,000.00	2.350	FDIC	2.353	37	07/08/2020

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Negotiable CD												
15118RTC1	11351	CELTIC BANK		11/27/2019	245,000.00	256,772.25	245,000.00	1.850	FDIC	1.852	1,640	11/27/2024
17312QJ26	11297	CITIBABNK na		04/11/2018	245,000.00	262,644.90	245,000.00	2.900	FDIC	2.900	1,044	04/11/2023
20033ASX5	11231	Comenity Capital Bank		10/31/2016	245,000.00	249,324.25	245,000.00	1.750	FDIC	1.751	515	10/29/2021
27113PCE9	11285	EAST BOSTON SAVINGS BANK MA		01/30/2018	245,000.00	259,016.45	245,000.00	2.500	FDIC	2.501	973	01/30/2023
29278TAH3	11290	ENERBANK usa		02/16/2018	245,000.00	260,202.25	245,000.00	2.650	FDIC	2.650	990	02/16/2023
29976DZD5	11177	EverBank #34775		07/14/2015	245,000.00	245,590.45	245,000.00	2.000	FDIC	2.002	43	07/14/2020
307811BR9	11278	Farmers and Merchants BK of WI		12/21/2017	245,000.00	257,012.35	245,000.00	2.250	FDIC	2.252	933	12/21/2022
33847E2J5	11312	Flagstar Bank		06/12/2019	245,000.00	256,245.50	245,000.00	2.500	FDIC	2.500	742	06/13/2022
40434AP45	11202	Household Finance Co		03/10/2016	245,000.00	250,113.15	245,000.00	2.750	FDIC	2.024	282	03/10/2021
45581EAS0	11296	INDUSTRIAL COM BK CHINA USA		04/05/2018	245,000.00	262,463.60	245,000.00	2.900	FDIC	2.903	1,031	03/29/2023
45581EAR2	11288	INDUSTRIAL & COMMERCIAL BK OF		02/14/2018	245,000.00	260,177.75	245,000.00	2.650	FDIC	2.653	988	02/14/2023
49228XAK6	11360	Kern Schools Federal Credit Un		12/30/2019	245,000.00	254,880.85	245,000.00	1.900	FDIC	1.902	942	12/30/2022
499724AA0	11276	Knoxville TVA Credit Union		12/07/2017	245,000.00	257,176.50	245,000.00	2.300	FDIC	2.302	919	12/07/2022
51507LBD5	11232	Landmark Community Bank		11/10/2016	245,000.00	249,449.20	245,000.00	1.600	FDIC	1.601	527	11/10/2021
538036CP7	11243	Live Oak Banking Company		04/08/2017	245,000.00	249,074.35	245,000.00	2.100	FDIC	2.102	310	04/07/2021
549103YK9	11224	Luana Savings Bank		09/09/2016	245,000.00	248,956.75	245,000.00	1.350	FDIC	1.351	465	09/09/2021
62384RAB2	11267	MOUTAIN AMERICA CREDIT UNION		10/12/2017	245,000.00	256,590.95	245,000.00	2.300	FDIC	2.303	863	10/12/2022
57116AQV3	11284	MARLIN BUSINESS BANK		01/30/2018	245,000.00	259,026.25	245,000.00	2.500	FDIC	2.503	973	01/30/2023
55266CRZ1	11212	MB Financial Bank		06/10/2016	245,000.00	245,102.90	245,000.00	1.350	FDIC	1.351	9	06/10/2020
583626AE6	11287	MECHANICS COOP BANK		02/05/2018	245,000.00	259,420.70	245,000.00	2.550	FDIC	2.550	980	02/06/2023
58733ADJ5	11229	mercantil Commercebank Nationa		09/28/2016	245,000.00	249,096.40	245,000.00	1.650	FDIC	1.651	484	09/28/2021
61747MH46	11282	Morgan Stanley Bank		01/25/2018	245,000.00	259,930.30	245,000.00	2.650	FDIC	2.426	968	01/25/2023
61760AG52	11311	Morgan Stanley Private Bank		06/13/2019	245,000.00	265,075.30	245,000.00	2.600	FDIC	2.600	1,473	06/13/2024
67054NAK9	11249	Numerica Credit Union		06/21/2017	245,000.00	255,346.35	245,000.00	2.300	FDIC	2.301	750	06/21/2022
66612ACG1	11289	NORTHFIELD BANK		02/21/2018	245,000.00	254,454.55	245,000.00	2.450	FDIC	2.450	631	02/22/2022
700654AY2	11245	The Park National Bank		03/30/2017	245,000.00	246,516.55	245,000.00	1.950	FDIC	1.952	121	09/30/2020
74160NFN5	11253	Prime Alliance Bank		07/05/2017	245,000.00	253,908.20	245,000.00	2.000	FDIC	2.001	759	06/30/2022
74267GVT1	11244	Private Bank & Trust Co #33306		03/30/2017	245,000.00	253,888.60	245,000.00	2.200	FDIC	2.201	667	03/30/2022
75472RAN1	11352	Raymond James BK		11/26/2019	245,000.00	256,784.50	245,000.00	1.850	FDIC	1.852	1,639	11/26/2024
795450D36	11260	Sallie Mae Bank		08/23/2017	245,000.00	256,331.25	245,000.00	2.350	FDIC	2.351	813	08/23/2022
8562846V1	11241	STATE BANK of INDIA		03/14/2017	245,000.00	254,346.75	245,000.00	2.350	FDIC	2.351	651	03/14/2022
90348JCR9	11303	UBS Bank		05/30/2018	245,000.00	265,121.85	245,000.00	3.150	FDIC	3.152	1,093	05/30/2023
91435LAG2	11302	University of Iowa		05/15/2018	245,000.00	264,173.70	245,000.00	3.050	FDIC	3.052	1,078	05/15/2023
92937CJP4	11309	WEX BK MIDVALE UTAH		06/07/2019	245,000.00	248,047.80	245,000.00	2.500	FDIC	2.500	189	12/07/2020
949763BH8	11228	Wells Fargo Bank		09/28/2016	245,000.00	249,904.90	245,000.00	1.700	FDIC	1.701	484	09/28/2021
981571BP6	11180	WORLD FOREMOST BANK		07/16/2015	200,000.00	200,556.00	200,000.00	2.400	FDIC	2.403	45	07/16/2020

Portfolio CITY
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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
		Subtotal and Average	12,997,322.58		12,697,000.00	13,213,210.01	12,697,000.00			2.251	765
		Total and Average	161,602,868.99		162,763,990.42	164,537,865.38	162,604,283.33			1.482	341

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CASH AND INVESTMENTS RECONCILIATION
AS OF MAY 31, 2020

INVESTMENTS PER PORTFOLIO SUMMARY		$ 162,604,283.33
Cash in Bank of America General Account	$ 16,076,316.22	
Cash in Bank of America Housing Account	880,237.25	
		16,956,553.47
TOTAL FUNDS PER INVESTMENT REPORT		**$ 179,560,836.80**
OUTSTANDING WARRANTS:		
General Account	$ (1,601,695.44)	
Payroll Account	0.00	
Workers' Compensation Account	(388,918.09)	
Housing Account	(8,982.00)	
		(1,999,595.53)
DEPOSITS IN TRANSIT:		
May 2020 Minol cash collection	$ 84,585.07	
May 2020 Cash deposits	7,860.52	
May 2020 Credit card receipts	203,687.73	
May 2020 Accela Wires	2,151.85	
		298,285.17
TOTAL CASH AND INVESTMENTS PER BOOKS		**$ 177,859,526.44**

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, or16313.
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,

Glossary

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 charted 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 it 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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