



TREASURER-TAX COLLECTOR VENTURA COUNTY

STEVEN HINTZ
TREASURER
TAX COLLECTOR

Sue Horgan
Assistant Treasurer-Tax Collector

April 9, 2019

Ventura County Board of Supervisors
800 South Victoria Avenue
Ventura, CA 93009

SUBJECT: Receive and File Report of Investments, Including Market Values for Investments for the Month Ending February 28, 2019.

RECOMMENDATION: Receive and File

FISCAL/MANDATES IMPACT: None

DISCUSSION:

This report covers the one-month period ending February 28, 2019. The report reflects continuing positive trends in the investment portfolio results.

The **average daily portfolio balance** for February was \$2.634 Billion, which exceeds the highest prior February balance ever, by \$174 Million. It also reflects the predicted small decline of \$53 Million from January. The balance will continue to decline slightly until the April tax collection period.

The **annualized percentage yield** for February was 2.669%, an increase of 0.094% over January. As I write this report in mid-March, I believe the pool's annualized percentage yield will remain steady in the 2.50% - 2.70% range through April.

Going forward, if the current pool investments were all held to maturity, the pool's **approximate yield to maturity** is 2.62%.

The **total net earnings** for February were \$5.393 Million. February is a short month; even two days can make a difference. March is a long month. Actual earnings will be higher in March.

The **weighted average days to maturity** fell to 135 days. The interest-rate sensitivity measure of **effective duration** fell to 0.360. Both of these numbers remain within the 12-month range, reflecting the pool's very low sensitivity to interest rate changes.

The **three largest sectors**, by percentage, were: Commercial Paper (29.69%), Yankee Certificates of Deposit (28.94%), and Supranationals (13.55%). The **three largest individual issuers**, by percentage, were: J.P. Morgan Securities LLC (6.95%), International Finance Corporation (6.88%), and Toronto Dominion (6.39%).

The portfolio has been managed with the stated objectives of safety, liquidity, and earning a competitive return, as outlined in the Statement of Investment Policy. In striving to maintain **the primary objective, safety of principal**, the County portfolio has for several years received a rating of AAAf/S1+ by Standard & Poor's, the highest rating given by that agency, re-affirmed on January 16, 2019. The rating reflects S&P's opinion that the pool is well-managed, credit-worthy, well-diversified, and has a low sensitivity to interest rate variations. Regarding **the secondary objective of maintaining sufficient liquidity** to meet cash flow needs, the portfolio maintains significant cash reserves in the County's bank, as well as significant holdings in LAIF and CalTrust. The pool has the ability to meet its participants' expenditure requirements for the next six months, pursuant to a daily study of projected cash flows. All of the pool's assets have a well-developed resale market, although of course it is our policy not to sell. **Earning a competitive rate of return** is reflected by our performance against our benchmarks, even though they each have less restrictive investment policies than ours.

The portfolio will be managed on the assumption that interest rates within our investment policy horizon will not change significantly over the next few months. The portfolio is well-positioned to respond, whether rates rise, drop, or hold steady. We will continue to focus our new investments on issues with maturity dates of one year, or less, for at least the next three months.

This letter has been reviewed and approved as to form by the County Executive Office, the Auditor-Controller's Office, and County Counsel.

Please contact me at 805-654-3726 if you have any questions or require further information regarding this item.

Sincerely,



STEVEN HINTZ
Treasurer-Tax Collector

- Exhibit 1 – Wells Fargo Market/Cost Value Comparison Report – Month End 02/28/2019
- Exhibit 2 – Monthly Transactions Report – February 2019
- Exhibit 3 – Portfolio Average Monthly Balance Graph – February 2017-2019
- Exhibit 4 – Average Maturity Graph – February 2017-2019
- Exhibit 5 – Yield Comparison Graph – February 2018-2019
- Exhibit 6 – Rolling 2-Year % Yield Graph – February 2017-2019 (Ventura)
- Exhibit 7 – Rolling 2-Year \$ Yield Graph – February 2017-2019
- Exhibit 8 – Portfolio Holdings by Class Graph – February 2019