



# TREASURER-TAX COLLECTOR VENTURA COUNTY

**STEVEN HINTZ**  
TREASURER  
TAX COLLECTOR

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Assistant Treasurer-Tax Collector

December 4, 2018

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 October 31, 2018.

**RECOMMENDATION:** Receive and File

**FISCAL/MANDATES IMPACT:** None

**DISCUSSION:**

This report covers the one-month period ending October 31, 2018. It reflects continuing positive trends in the investment portfolio results.

The **average daily portfolio balance** for October was \$2.098 Billion, the highest October average balance ever, by \$141 Million. It is an increase of \$76 Million from the September balance. The balance is rapidly rising in November and will accelerate as secured property tax payments arrive.

The **annualized percentage yield** for October was 2.293%, an increase of 0.098% over September. I expect the annualized yield to increase at a faster rate for the next several months, based on expected interest rate increases and enhanced cash flow.

Going forward, if the current pool investments were all held to their maturity, the pool's **approximate yield to maturity** is 2.34%, an increase of 0.14% over September. As I write this report on November 13, that figure holds steady.

The **total net earnings** were \$4.086 Million, an increase of \$439,000. I expect that November's total net earnings will remain about the same.

The **weighted average days to maturity** rose to 144 days. The interest-rate sensitive measure of **effective duration** ended at 0.377, reflecting the pool's very low sensitivity to interest-rate changes. These slight increases reflect the slightly longer terms for new investments.

The **three largest sectors**, by percentage, were: Yankee Certificates of Deposit (28.83%), Commercial Paper (25.91%), and Government Agencies (16.24%). The **three largest individual**



**issuers**, by percentage, were: Federal Home Loan Bank (8.90%), Toronto Dominion Bank (7.43%), and International Finance Corporation (6.62%).

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 AAf/S1+ by Standard & Poor's, the highest rating given by that agency. On December 11, 2017, our rating of AAf/S1+ was reaffirmed by S & P after an intensive 9 month review under the new, more conservative rating criteria. The portfolio is 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 with ready access in LAIF and CalTrust. 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 all have less restrictive investment policies than ours.

Accordingly, the portfolio will continue to be managed based on the assumption that interest rates within our horizon will rise gradually over the next several months. The Federal Open Market Committee seems committed to raising interest rates once more in 2018. Commentators suggest the reasonable likelihood of at least two increases in 2019. The Investment Work Group monitors the interest rate news daily. We will focus our investing on issues with maturity dates of one year or less for the next several 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 regarding this item.

Sincerely,



STEVEN HINTZ  
Treasurer-Tax Collector

- Exhibit 1 – Wells Fargo Market/Cost Value Comparison Report – Month End 10/31/2018
- Exhibit 2 – Monthly Transactions Report – October 2018
- Exhibit 3 – Portfolio Average Monthly Balance Graph – October 2016-2018
- Exhibit 4 – Average Maturity Graph – October 2016-2018
- Exhibit 5 – Yield Comparison Graph – October 2017-2018
- Exhibit 6 – Rolling 2-Year % Yield Graph – October 2016-2018 (Ventura)
- Exhibit 7 – Rolling 2-Year \$ Yield Graph – October 2016-2018
- Exhibit 8 – Maturity Distribution Graph 2018
- Exhibit 9 – Portfolio Holdings by Class Graph – October 2018