



AGENDA REPORT

Department: Finance
Prepared by: Kecia Carrasco, Accountant
Meeting Date: Tuesday, August 5, 2025
Approved by: Scott W. Huth, Interim City Manager

SUBJECT:

Investment Report for the Quarter Ended March 31, 2025.

RECOMMENDATION:

Accept and File the Investment Report for the Quarter Ended March 31, 2025.

BOARD/COMMISSION/COMMITTEE PRIOR ACTION:

Not Applicable.

EXPLANATION:

The California Government Code (§53646(b)(1)) requires that, when the Treasurer or the Chief Fiscal Officer of a local agency renders to the legislative body of the agency a quarterly report on the agency's investment portfolio, such report shall include the following information regarding all securities, investments, and moneys held by the local agency:

- type of investment;
- issuer (bank or institution);
- date of maturity;
- dollar amount invested; and
- current market valuation as of the date of the report.

In addition, Government Code §53646(b)(2) requires that the report state the City's compliance with its investment policy and Government Code §53646(b)(3) requires that it include a statement regarding the ability of the local agency to meet its pool's expenditure requirements over the next six months.

OVERVIEW OF CITY INVESTMENTS

The City's pooled investment portfolio balance as of March 31, 2025, is summarized below and compared to the balance as of March 31, 2024.

Table 1

	3/31/2025	3/31/2024
Book Value ¹	\$ 117,011,560	\$ 116,911,699
Market Value ²	\$ 117,114,747	\$ 115,239,378

¹ actual cost of investments

² amount at which the investments could be sold

The assets of the City of National City's investment portfolio are managed by Chandler Asset Management, the California Treasurer's Local Agency Investment Fund (LAIF) and the San Diego

County Treasurer's Pooled Money Fund ("San Diego County Pool") that represents the largest portion of the assets with 34.04%.

The San Diego County Pool and LAIF are liquid investment pools that allow participants to earn market-rate returns while retaining access to funds within 24 to 48 hours of a withdrawal request with no penalty. The City's assets managed by Chandler Asset Management may be liquidated and withdrawn at any time. However, these investments likely do not provide the short liquidity (i.e., quick access to funds) of the pooled money funds, and liquidation of these investments is at the risk of loss and/or penalty to the City.

Summaries of the City's investment portfolio are illustrated below.

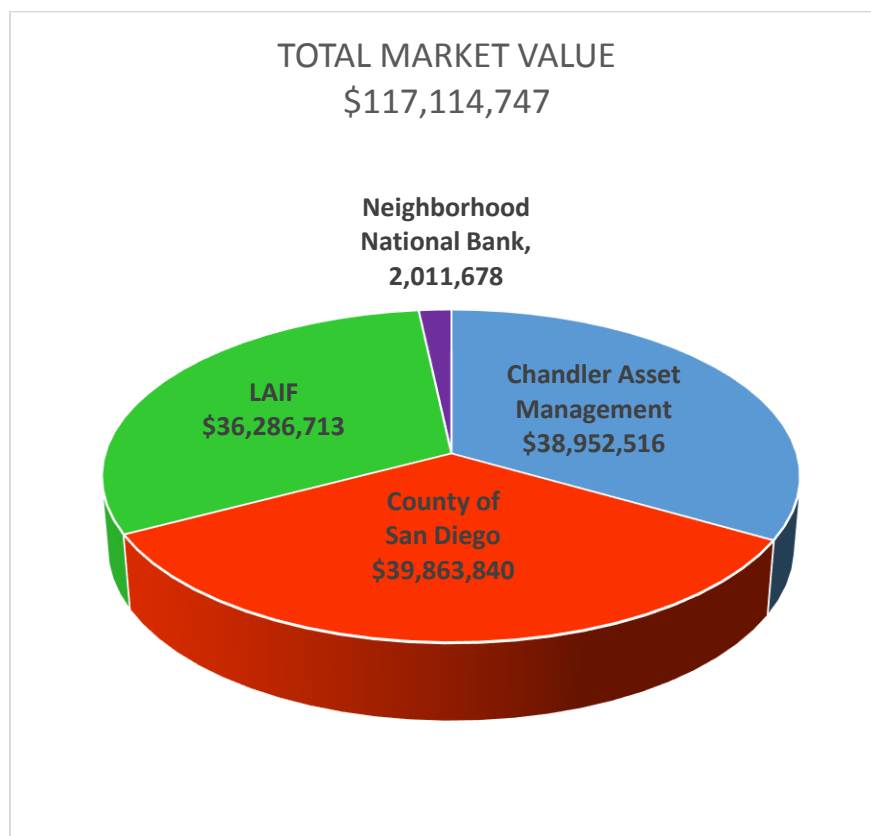
INVESTMENT PORTFOLIO SUMMARY BY ISSUER/MANAGER

As of March 31, 2025

Table 2

Issuer/Manager	Book Value	Total Market Value	Market YTM	% of Portfolio
Chandler Asset Management	39,000,801	38,952,516	4.11%	33.26%
County of San Diego	39,754,834	39,863,840 ¹	3.80%	34.04%
Local Agency Investment Fund	36,255,925	36,286,713	4.31%	30.98%
Neighborhood National Bank	2,000,000	2,011,678	3.98%	1.72%
Totals for March 31, 2025	\$117,011,560	\$117,114,747		100.00%

¹ reflects LAIF participation factor of 1.000849191



INVESTMENT PERFORMANCE BY ISSUER/MANAGER

For the Quarter Ended March 31, 2025

Table 3 **Total Market Value**

Issuer/Manager	3/31/2025	12/31/2024	Change	Percent Change
Chandler Asset Management	\$38,952,516	\$38,135,911	\$816,605	2.14%
County of San Diego	\$39,863,840	\$39,642,877	\$220,963	0.56%
Local Agency Investment Fund	\$36,286,713	\$35,812,918	\$473,795	1.32%
Neighborhood National Bank	\$2,011,678	\$0	\$2,011,678	N/A
Totals for Mar 31, 2025	\$117,114,747	\$113,591,706	\$3,523,042	3.10%

Economic Update:

“Recent economic data suggest slower growth in 2025 and greater market uncertainty as the effects of fiscal policy unfold. Inflationary trends have subsided, but some components remain sticky, and core levels remain above the Fed’s target. The labor market reflects improved balance between supply and demand for workers. While job creation has been robust, continuing jobless claims remain elevated. Given the economic outlook, we expect gradual normalization of monetary policy and a steepening yield curve.

As broadly anticipated, the Federal Open Market Committee (FOMC) left the Federal Funds Rate unchanged at the range of 4.25 - 4.50% at the March meeting. Fed Chair Powell emphasized increased uncertainty around the economic outlook and the need for “greater clarity” before making changes to interest rate policy. He also acknowledged possible transitory inflationary impacts from tariffs. The summary of economic projections (SEP) indicated lower GDP growth, higher inflation, and higher unemployment estimates than December projections, along with roughly two 25-basis point rate cuts this year. The FOMC also announced a slowdown in the pace of balance sheet reduction.

US Treasury yields declined, and the curve steepened in April. The 2-year Treasury yield declined 29 basis points to 3.60%, the 5-year Treasury fell 22 basis points to 3.73%, and the 10-year Treasury yield dropped 5 basis points to 4.16%. The spread between the 2-year and 10-year Treasury yield points on the curve narrowed to +56 basis points at April month-end versus +32 basis points at March month-end. The spread between the 2-year Treasury and 10-year Treasury yield one year ago was -36 basis points. The spread between the 3-month and 10-year Treasury yield points on the curve was -13 basis points in April, versus -9 basis points in March.”¹

¹ March 31, 2025 Chandler Asset Management Quarterly Investment Report

COMPLIANCE STATEMENT

All of the City's investments are in compliance with the City's investment policy (City Council Policy No. 203) and the California Government Code (§53601) et seq.

FINANCIAL STATEMENT:

Realized gains for the period, reflected below, were \$857,773. This amount is the result of a combination of factors including gains or losses from the sale of assets, accrued interest, and reinvested interest/earnings.

Table 4

Issuer/Manager	Gain/(Loss)
Chandler Asset Management	\$ 115,973
County of San Diego	330,608
LAIF	399,515
Neighborhood National Bank	11,678
Totals for March 31, 2025	\$ 857,773

The difference between the changes reflected in the previous two tables is attributable to the purchase and sale of securities for which the first of the tables accounts but the second table typically does not (unless an investment is sold before maturity).

RELATED CITY COUNCIL 2020-2025 STRATEGIC PLAN GOAL:

Balanced Budget and Economic Development

ENVIRONMENTAL REVIEW:

This is not a project under CEQA and is therefore not subject to environmental review. CCR15378; PRC 21065.

PUBLIC NOTIFICATION:

Agenda Report posted within 72 hours of meeting date and time in accordance with Brown Act.

ORDINANCE:

Not Applicable

EXHIBIT:

Exhibit A – 2025-0331 Investment Reports