



AGENDA REPORT

Department: Finance
Prepared by: Kecia Carrasco, Accountant
Meeting Date: Tuesday, October 7, 2025
Approved by: Scott W. Huth, Interim City Manager

SUBJECT:

Investment Report for the Quarter Ended June 30, 2025.

RECOMMENDATION:

Accept and File the Investment Report for the Quarter Ended June 30, 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 June 30, 2025, is summarized below and compared to the balance as of June 30, 2024.

Table 1		
	6/30/2025	6/30/2024
Book Value ¹	\$ 117,941,191	\$ 118,577,888
Market Value ²	\$ 119,521,896	\$ 116,905,031

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 34.56%.

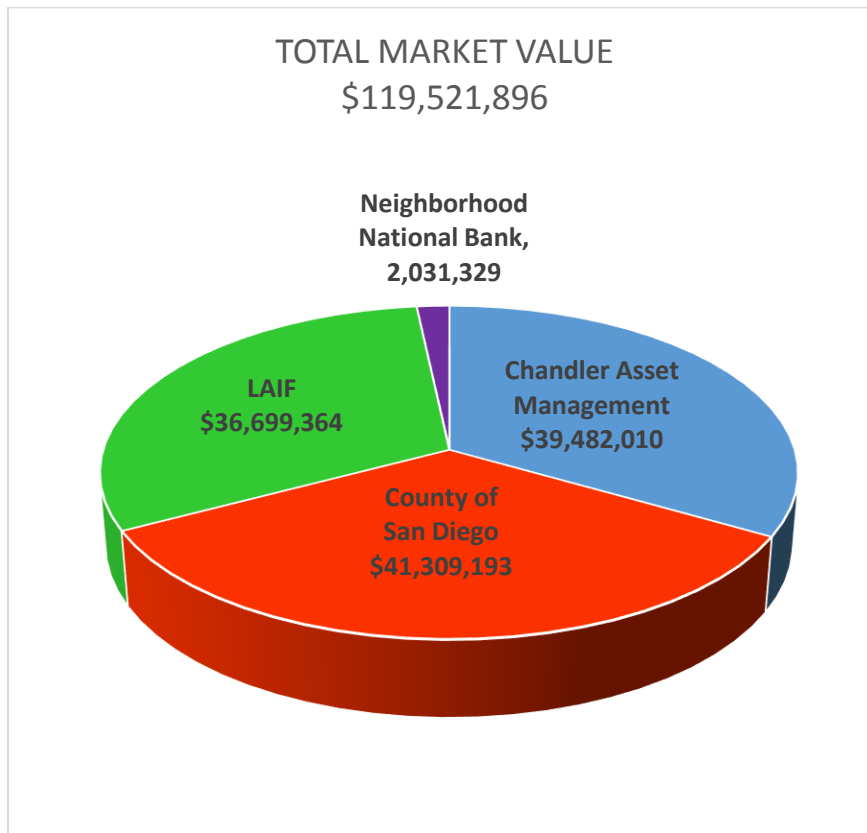
The San Diego County Pool and LAIF are liquid investment pools that allow participants to earn market-rate returns while retaining access to funds within 24 to 48 hours of a withdrawal request with no penalty. The City’s assets managed by Chandler Asset Management may be liquidated and withdrawn at any time.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 June 30, 2025

Table 2				
Issuer/Manager	Book Value	Total Market Value	Market YTM	% of Portfolio
Chandler Asset Management	39,206,151	39,482,010	3.94%	33.03%
County of San Diego	40,079,600	41,309,193 ¹	3.81%	34.56%
Local Agency Investment Fund	36,655,439	36,699,364	4.27%	30.71%
Neighborhood National Bank	2,000,000	2,031,329	3.98%	1.70%
Totals for June 30, 2025	\$117,941,191	\$119,521,896		100.00%

¹ reflects LAIF participation factor of 1.001198310



INVESTMENT PERFORMANCE BY ISSUER/MANAGER

For the Quarter Ended June 30, 2025

Table 3	Total Market Value			Percent Change
	6/30/2025	3/31/2025	Change	
Issuer/Manager				
Chandler Asset Management	\$39,482,010	\$38,952,516	\$529,493	1.36%
County of San Diego	\$41,309,193	\$39,863,840	\$1,445,353	3.63%
Local Agency Investment Fund	\$36,699,364	\$36,286,713	\$412,651	1.14%
Neighborhood National Bank	\$2,031,329	\$2,011,678	\$19,651	0.98%
Totals for Jun 30, 2025	\$119,521,896	\$117,114,747	\$2,407,149 ¹	2.06%

¹ no withdrawals

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 moderated, the unemployment rate remains low; however, continuing jobless claims remain elevated implying a less robust labor market. 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 June meeting. Fed Chair Powell continued to emphasize the Committee’s “wait and see” approach amidst economic uncertainty that remains elevated but diminished. Federal Reserve officials continued to pencil in two rate cuts in 2025.

US Treasury yields declined in June. The 2-year Treasury yield fell 18 basis points to 3.72%, the 5-year Treasury dropped 17 basis points to 3.80%, and the 10-year Treasury yield also declined 17 basis points to 4.23%. The spread between the 2-year and 10-year Treasury yield points on the curve edged up to +51 basis points at June month-end versus +50 basis points at May 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 -7 basis points in June, versus -6 basis points in May.”¹

¹ June 30, 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 \$922,712. 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	\$ 176,696
County of San Diego	324,766
LAIF	401,599
Neighborhood National Bank	19,651
Totals for June 30, 2025	\$ 922,712

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:

The Agenda Report was posted at least 72 hours before the Regular Meeting date and time, and 24 hours before a Special Meeting in accordance with the Ralph M. Brown Act.

ORDINANCE:

Not Applicable

EXHIBIT:

Exhibit A – 2025-0630 Investment Reports