



City of Hayward

Update on Portfolio, Strategy, and Market Conditions

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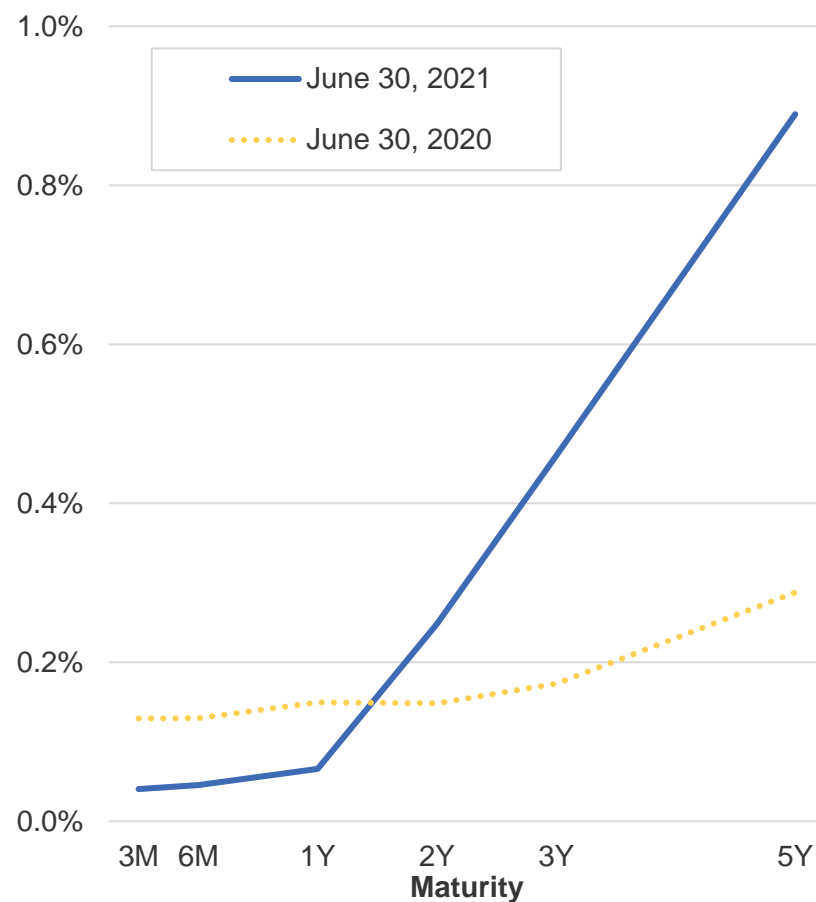
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U.S. Treasury Yield Curve

	6/30/21	6/30/20	Change YoY
3-month	0.04%	0.13%	-0.09%
6-month	0.05%	0.13%	-0.08%
1-year	0.07%	0.15%	-0.08%
2-year	0.25%	0.15%	0.10%
3-year	0.46%	0.17%	0.29%
5-year	0.89%	0.29%	0.60%

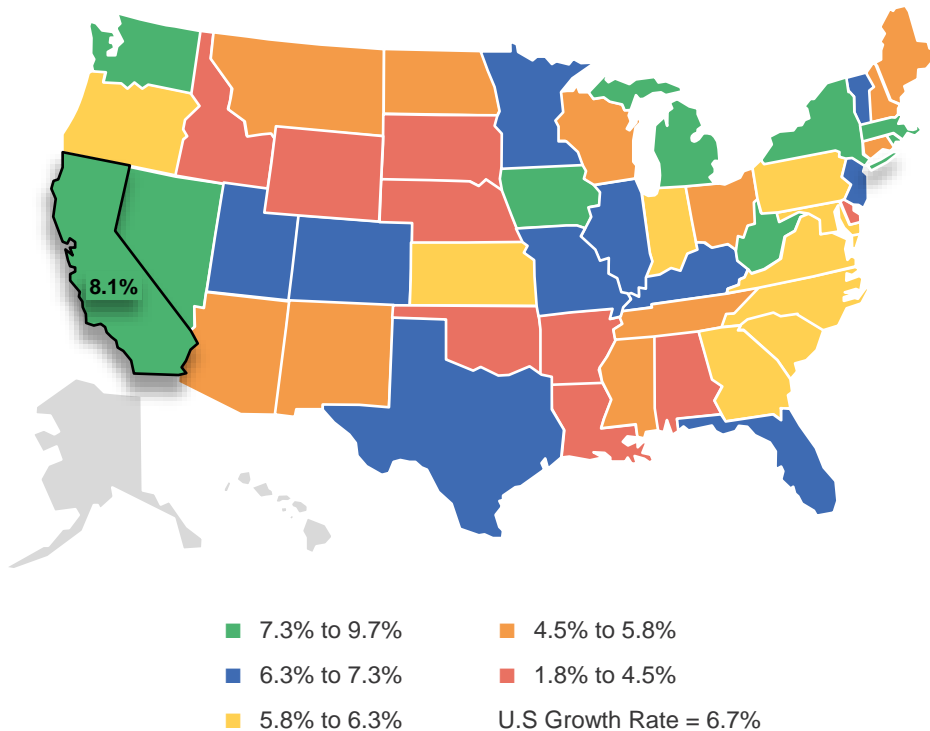


Source: Bloomberg, as of 6/30/2021.

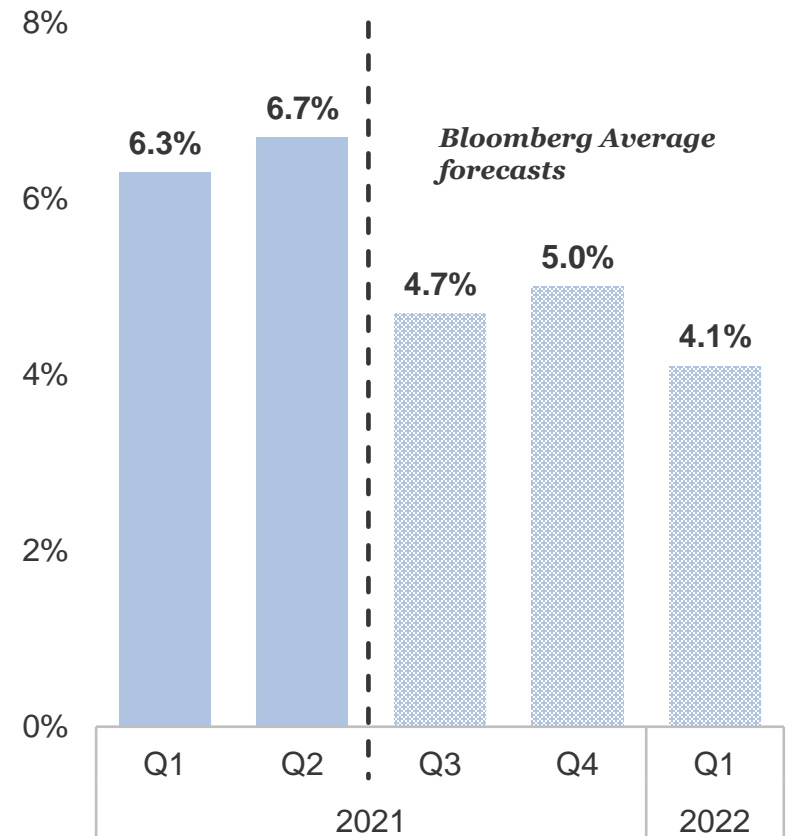


Like the U.S., California Is Growing Strongly

Real GDP by State, Annual Rate
2Q 2021



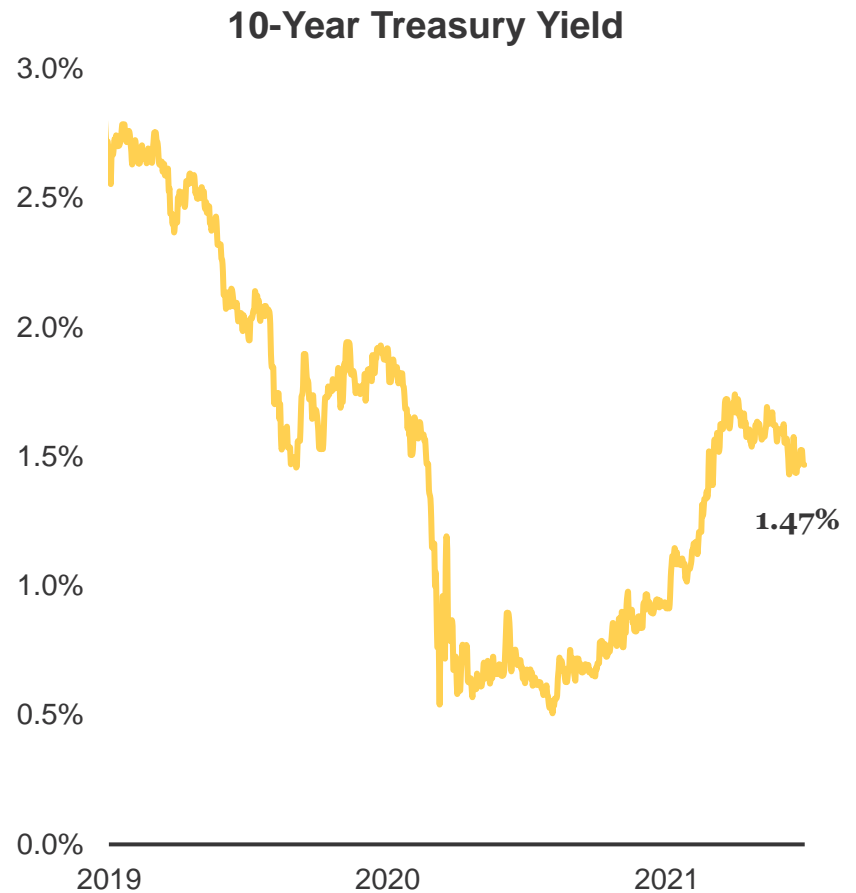
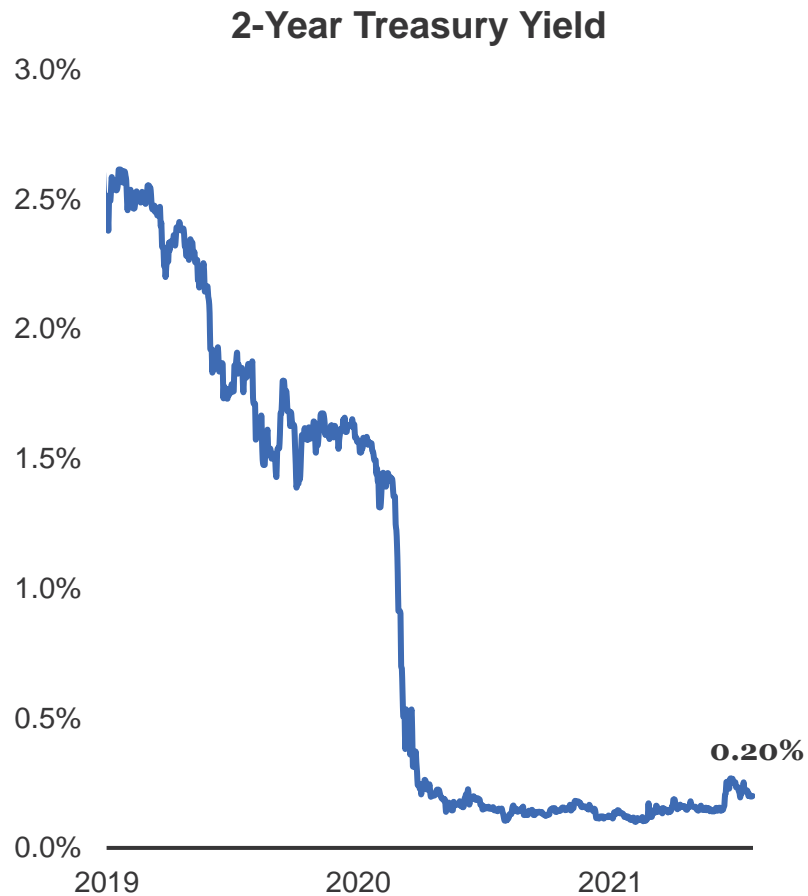
U.S. GDP Forecasts
Annualized Rate



Source: New York Times (left) and Bloomberg (right); Bureau of Economic Analysis, as of 10/1/2021.



Long-Term Yield Falling Despite Inflation Fears and Possible Tapering



Source: Bloomberg, as of 6/30/2021.



Fiscal Year 2021 Accomplishments

- ◆ The City's portfolio weathered the crisis with great results!
 - Investment income of **\$2.8** million¹
 - Outperformed performance benchmark by **+13** basis points on a net basis²
- ◆ Maintained a diversified portfolio
- ◆ Maintained compliance with City's investment policy
- ◆ Kept city staff informed of events impacting investment program

Key Investment Strategies

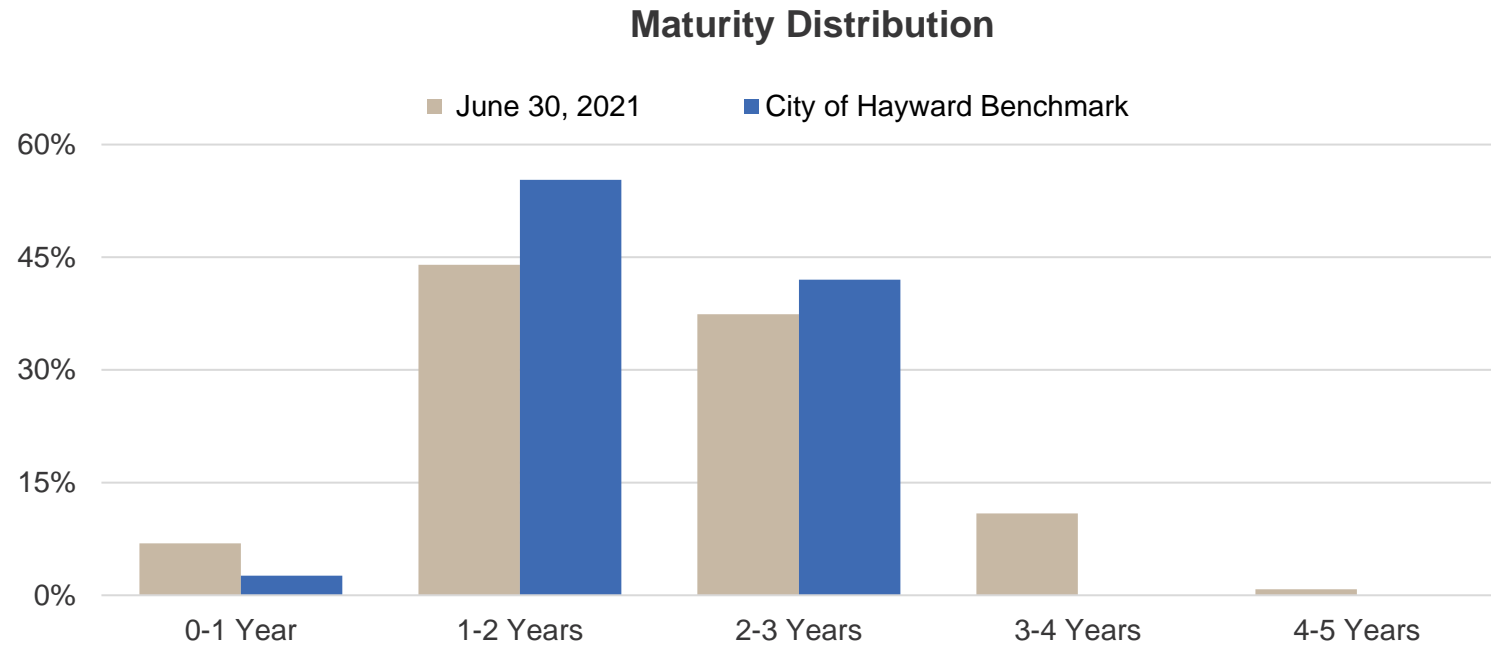
- ✓ Risk Mitigation
- ✓ Sector Allocation
- ✓ Opportunistic Management
- ✓ Neutral Duration

1. As of June 30, 2021.

2. City of Hayward one-year total return versus the performance benchmark which was the ICE BofAML 1-3 Year U.S. Treasury Index.



Portfolio Maturities Balanced to Remain Duration-Neutral



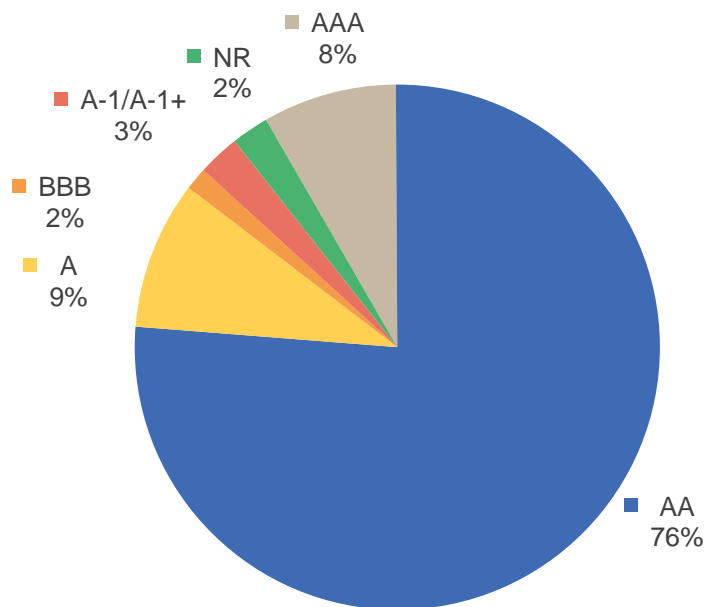
	Duration (Years)
■ June 30, 2021	1.87
■ City of Hayward Benchmark	1.84

The City's benchmark is the ICE BofAML 1-3 Year U.S. Treasury Index. ICE BofAML index data provided by Bloomberg Financial Markets.



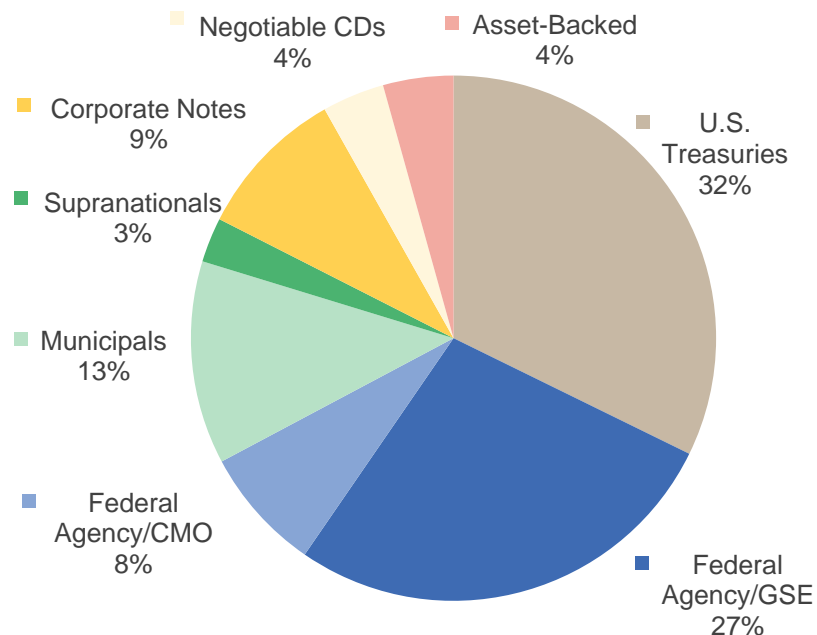
Portfolio Characteristics as of June 30, 2021

Credit Quality (S&P Ratings)



Average Credit Quality¹ AA

Sector Allocation



Portfolio Compliant with Investment Policy

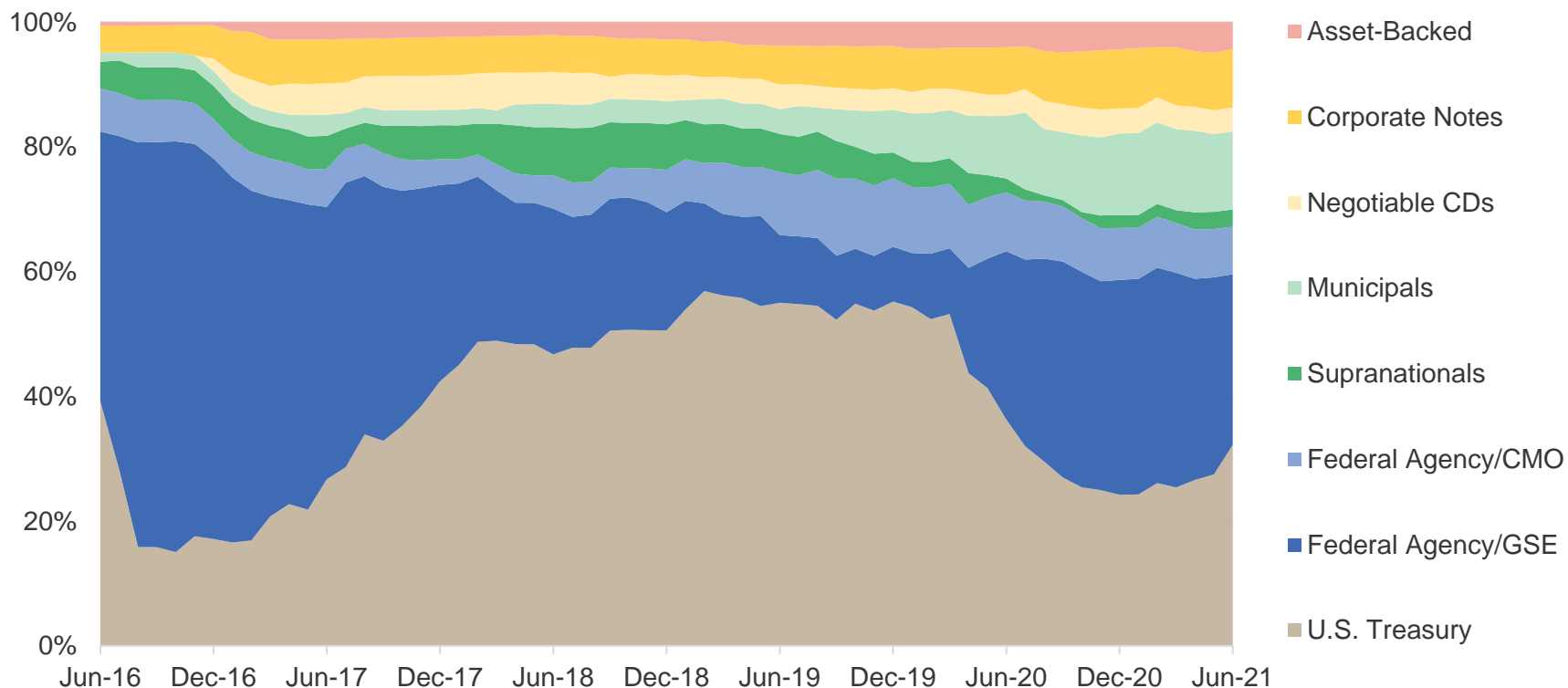
An average of each security's credit rating assigned a numeric value and adjusted for its relative weighting in the portfolio.



Active Sector Allocation Over Time

Historical Sector Allocation for Trailing Five Years

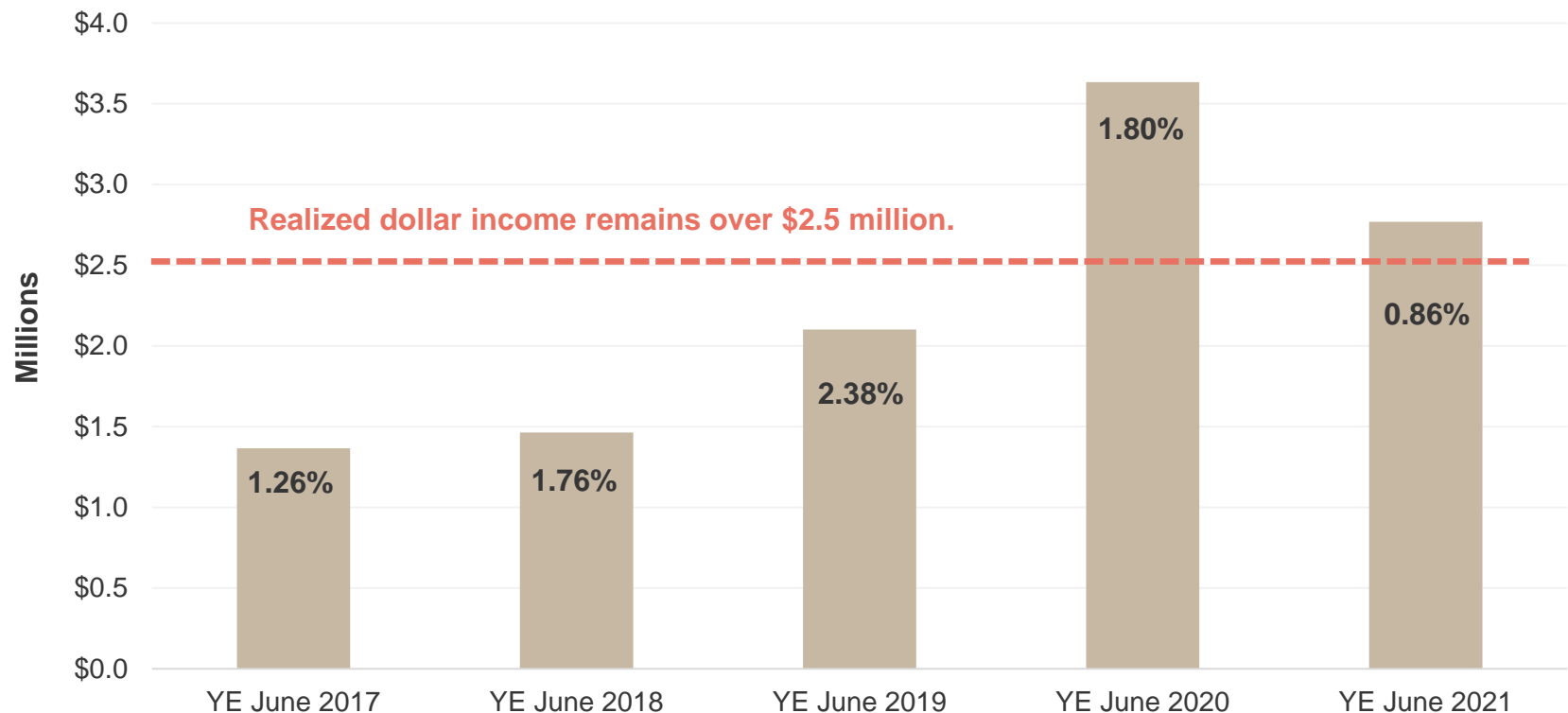
Ending June 30, 2021





Portfolio Income Remains Over \$2.5 Million

Portfolio Yield and Aggregate Earnings¹



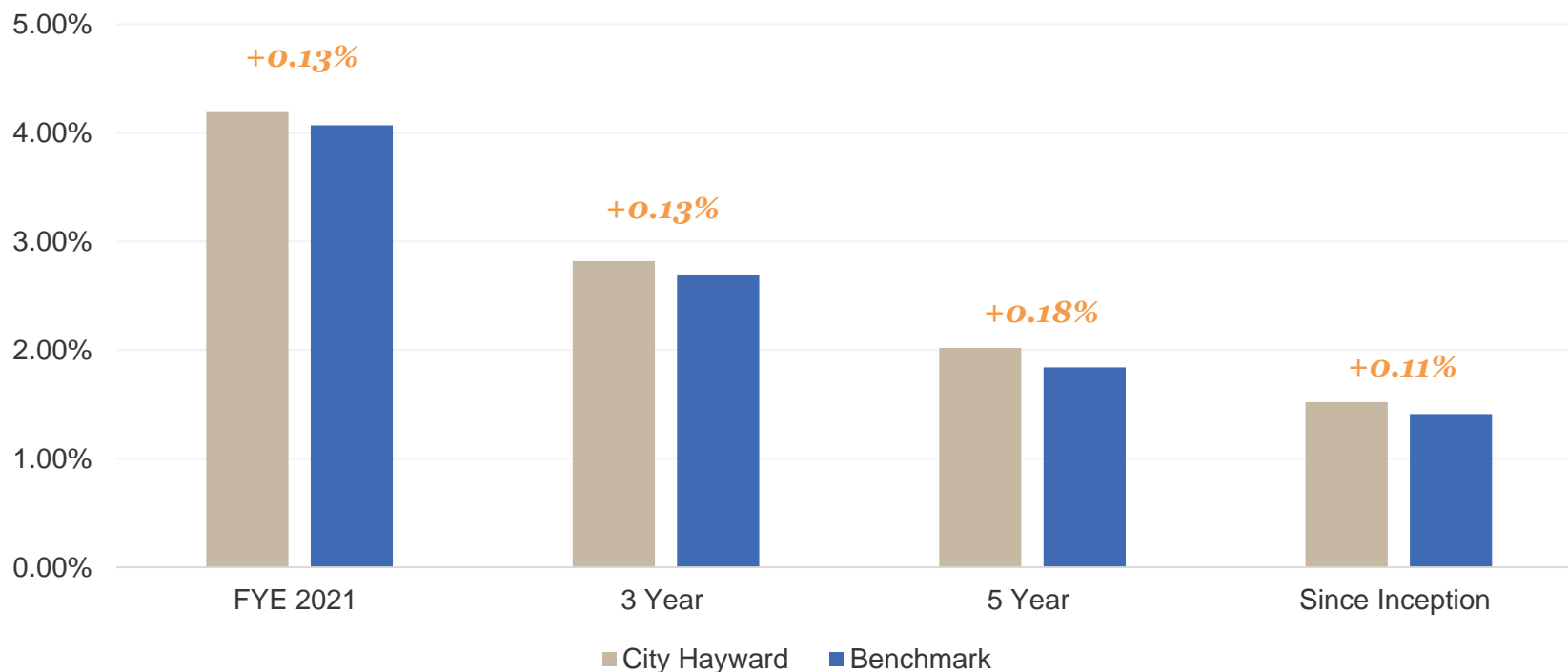
1. Aggregate fiscal year income on an accrual (amortized cost) basis, includes realized gains/losses. Yield to maturity at cost.



Portfolio Performance Is Strong

Annualized Returns Net of Management Fees^{1,2,3}

As of June 30, 2021



1. Performance on trade date basis, net of portfolio management fees. Exclude cash and pool balances from performance, earnings, and duration computations.

2. The benchmark is the ICE BofAML 1-3 Year U.S. Treasury Index.

3. Portfolio inception date as of September 30, 2012.



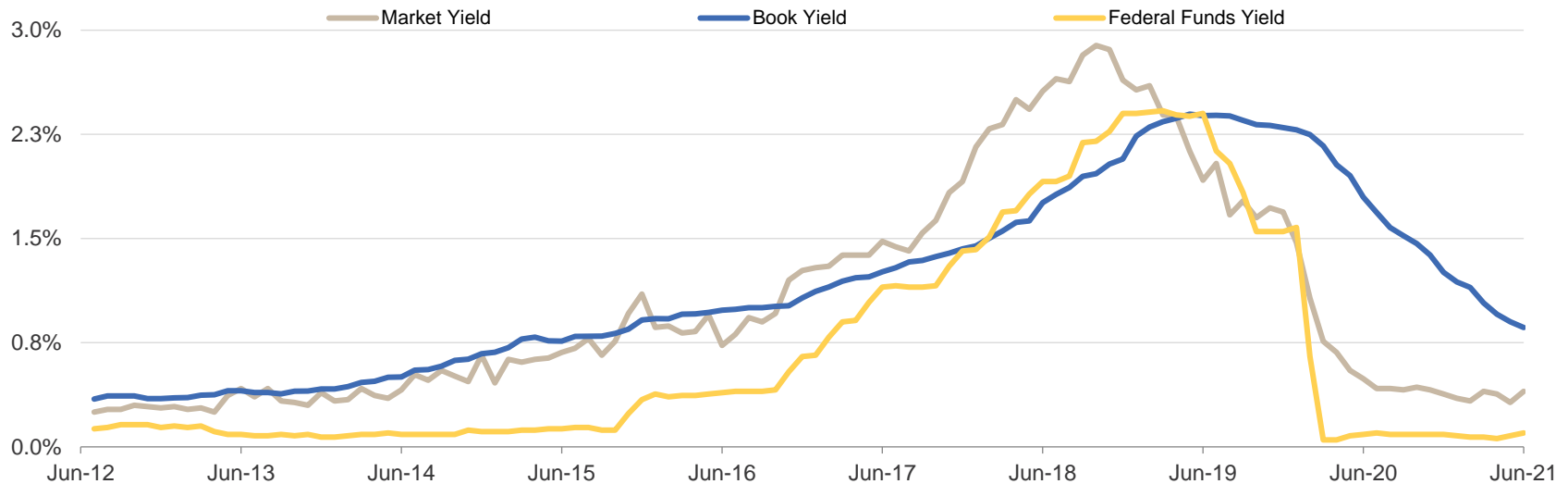
Outlook and Strategy

Outlook Highlights
✓ Fed Funds Rate projected to remain at zero
✓ Inflationary pressure and Fed policy uncertainty
✓ Cautiously capitalize on narrowing spreads

Strategy Highlights
✓ Maintain core allocation in most sectors
✓ Maintain a neutral duration stance
✓ Take advantage of “roll-down” effect

Focusing on the Long-Term Strategy

*City of Hayward Portfolio Yields
July 2012 – June 2021*



Source: Federal Reserve retrieved as of 10/13/2021. Rate represents midpoint of set target range. City of Hayward market and book yield data as of June 2021.



Questions?



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