

INVESTMENT ADVISORY COMMITTEE AGENDA

Monday, January 23, 2023 at 10:00 a.m.

Executive Conference Room, Level Three

CHAIR: Mayor Pro Tem Christine Marick

ALTERNATE: Mayor Marty Simonoff

The Investment Advisory Committee meeting will be held on Monday, January 23, 2023 at 10:00 a.m. and the public is welcome to participate. Written comments may be sent to the Administrative Services Department at arlenem@cityofbrea.net no later than 12:00 p.m. on Thursday, January 19, 2023. Any comments received via email will be summarized aloud into the record at the meeting.

The Investment Advisory Committee meeting agenda can be viewed on the City of Brea's website at <https://www.ci.brea.ca.us/509/Meeting-Agendas-Minutes>. Hard copies of the agenda packet are available via USPS with proper notice by calling (714) 990-7676. Materials related to an item on this agenda submitted to the Investment Advisory Committee after distribution of the agenda packet are available for public inspection in the Administrative Services Department located on the third floor of the Civic & Cultural Center at 1 Civic Center Circle, Brea, CA during normal business hours. Such documents may also be available on the City's website subject to staff's ability to post documents before the meeting.

CALL TO ORDER / ROLL CALL

1. **Matters from the Audience**

CONSENT

2. **October 24, 2022 Investment Advisory Committee Regular Meeting Minutes - Approve.**

Attachments

Draft Minutes 10-24-2022

DISCUSSION

3. **Review Quarterly Investment Report for Period Ended December 31, 2022 from Chandler Asset Management** - Presented by Mia Corral Brown and Daniel Delaney

Attachments

Report

4. **Review of PARS Pension Rate Stabilization Program Investment Report for Period Ended December 31, 2022** - Presented by PARS and HighMark Capital Management

Attachments

Report

5. **Schedule Next Meeting: April 24, 2023**

cc: Council Member Cecilia Hupp
Council Member Blair Stewart
Council Member Steven Vargas

Special Accommodations

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office at (714) 990-7757. Notification 48 hours prior to the meeting will enable City staff to make reasonable arrangements to ensure accessibility. (28 CFR 35.102.35.104 ADA Title II)

City of Brea

INVESTMENT ADVISORY COMMITTEE COMMUNICATION

TO: Honorable Chair and Committee Members

FROM: Bill Gallardo, City Manager

DATE: 01/23/2023

SUBJECT: October 24, 2022 Investment Advisory Committee Regular Meeting Minutes

RECOMMENDATION

Approve.

RESPECTFULLY SUBMITTED

William Gallardo, City Manager

Prepared by: Alicia Brenner, Senior Fiscal Analyst

Concurrence: Kristin Griffith, Director of Administrative Services

Attachments

Draft Minutes 10-24-2022



DRAFT INVESTMENT ADVISORY COMMITTEE MINUTES

Monday, October 24, 2022

10:00 AM

Brea Civic & Cultural Center, 1 Civic Center Circle, Brea, California

CALL TO ORDER / ROLL CALL

ATTENDEES: Council Member Christine Marick, City Treasurer Denise Eby, Kristin Griffith, Ho-El Park, David Penn, Gary Terrazas, Faith Madrazo and Alicia Brenner

OTHER ATTENDEES: Daniel Delaney (Chandler)

1. **Matters from the Audience** – *None.*

CONSENT

2. **July 25, 2022 Investment Advisory Committee Regular Meeting Minutes** – *Approved.*

DISCUSSION

3. **Review Quarterly Investment Report Period Ending September 30, 2022 from Chandler Asset Management – Presented by Daniel Delaney** – *The Committee reviewed the quarterly report as presented and recommended to receive and file.*
4. **Schedule Next Meeting:** Monday, January 23, 2023

Meeting adjourned: 10:55 AM

City of Brea

INVESTMENT ADVISORY COMMITTEE COMMUNICATION

TO: Honorable Chair and Committee Members

FROM: Bill Gallardo, City Manager

DATE: 01/23/2023

SUBJECT: Review Quarterly Investment Report for Period Ended December 31, 2022 from
Chandler Asset Management

RESPECTFULLY SUBMITTED

William Gallardo, City Manager

Prepared by: Chandler Asset Management

Attachments

Report

City of Brea

Period Ending December 31, 2022

CHANDLER ASSET MANAGEMENT, INC. | 800.317.4747 | www.chandlerasset.com



SECTION 1	Economic Update
SECTION 2	Account Profile
SECTION 3	Portfolio Holdings
SECTION 4	Transactions

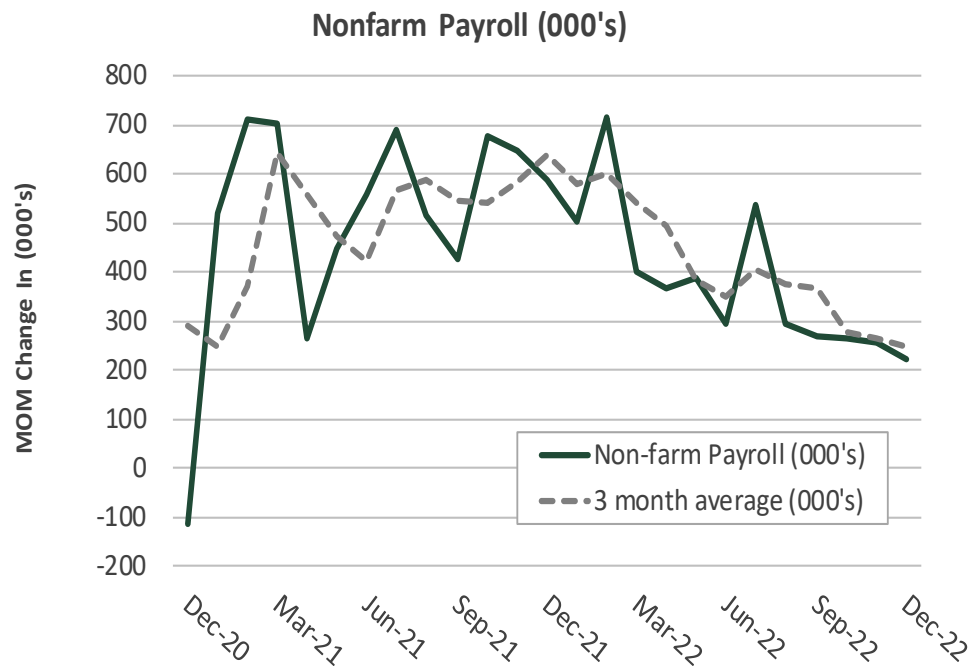


Section 1 | Economic Update

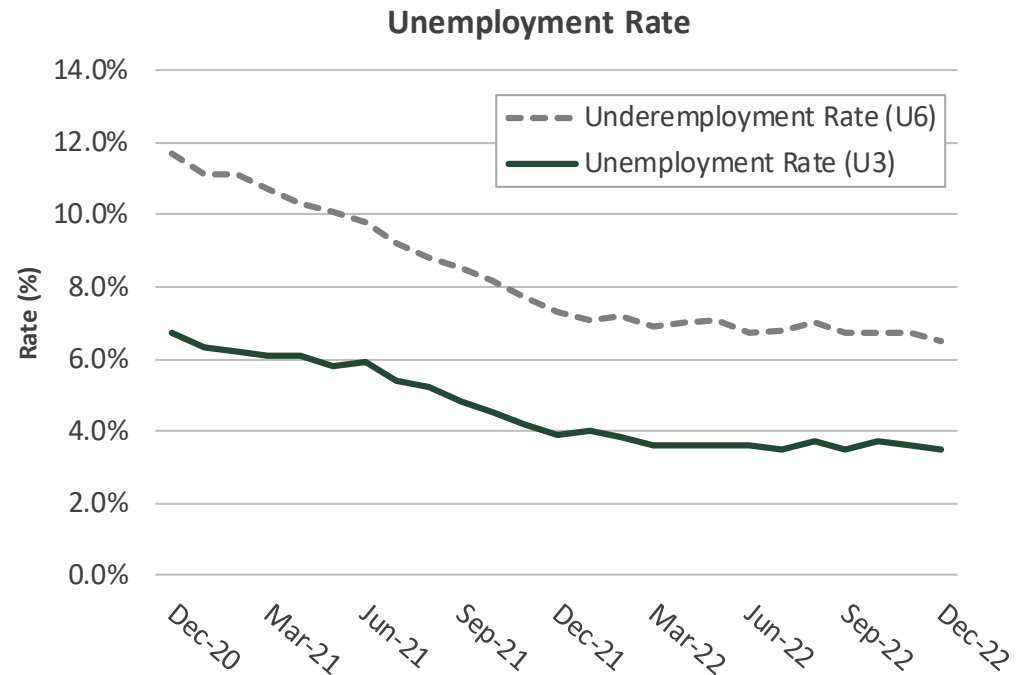
Economic Update

- Market volatility has intensified as global central banks pursue monetary policies to combat persistently high inflation. Although the pace of job growth is moderating, the strength of the labor market has sustained economic growth. Inflation metrics are trending downward but remain significantly higher than the Fed's target. While evidence of slower economic conditions has begun to mount, we expect the Federal Reserve to continue to raise rates to battle inflation, albeit at a less aggressive pace. Over the near-term, we expect financial market volatility to remain intensified with persistent inflation, geopolitical risk, and the Fed's hawkish monetary policy.
- As expected at the December 14th meeting, the Federal Open Market Committee (FOMC) raised the fed funds target rate by 50 basis points to a range of 4.25 – 4.50%, in a downshift from four consecutive 75 basis point hikes. The decision was unanimous, and there was no change to the November statement. The sentiment was hawkish, indicating that “ongoing increases” in the fed funds rate are likely appropriate and citing continued labor market imbalances. FOMC members forecasted a higher fed funds rate, slower GDP growth, higher inflation, and higher unemployment in 2023 than in the September projections. We believe the FOMC will continue to implement tighter monetary policy at a slower pace and hold rates at restrictive levels for some time until inflationary pressures subside and remain in the Fed's target range.
- In December, yields rose, and the curve became less inverted. The 2-year Treasury yield increased 12 basis points to 4.43%, the 5-year Treasury yield rose 27 basis points to 4.01%, and the 10-year Treasury yield climbed 27 basis points to 3.88%. The inversion between the 2-year Treasury yield and 10-year Treasury yield narrowed to -55 basis points at December month-end versus -71 basis points at November month-end. The spread was a positive 78 basis points one year ago. The inversion between 3-month and 10-year treasuries narrowed to -50 basis points in December from -74 basis points in November. The year 2022 saw a dramatic shift in the Federal Reserve's policy from highly accommodative to aggressive tightening, resulting in significantly higher rates and an inverted yield curve. The shape of the yield curve indicates that the probability of recession is increasing.

Employment



Source: US Department of Labor

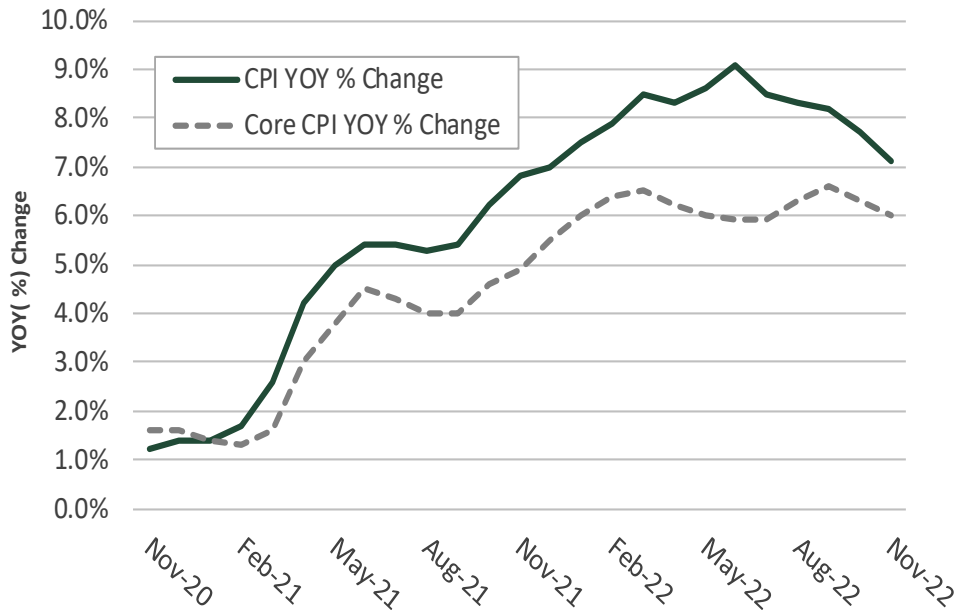


Source: US Department of Labor

The U.S. economy added 223,000 jobs in December, slightly higher than market expectations of 203,000, but a decline from November's revised increase of 256,000. Trends in employment remain healthy, with the three-month moving average payrolls at 247,000 and the six-month moving average at 307,000. Jobs in the goods producing sector were surprisingly strong, and leisure and hospitality employment growth remained solid. The unemployment rate dipped to 3.5%, returning to its pre-pandemic level. The labor participation rate increased only slightly to 62.3% in December from 62.1% in November, indicating the supply of labor remains challenging for employers. The U-6 underemployment rate, which includes those who are marginally attached to the labor force and employed part time for economic reasons declined to 6.5% from the prior month at 6.7%. Average hourly earnings rose 4.6% year-over-year in December, down from a revised 4.8% increase in November. Overall, the December employment report demonstrates a strong demand for labor and supports the case for the Fed to continue raising the federal funds rate, but perhaps at a slower pace.

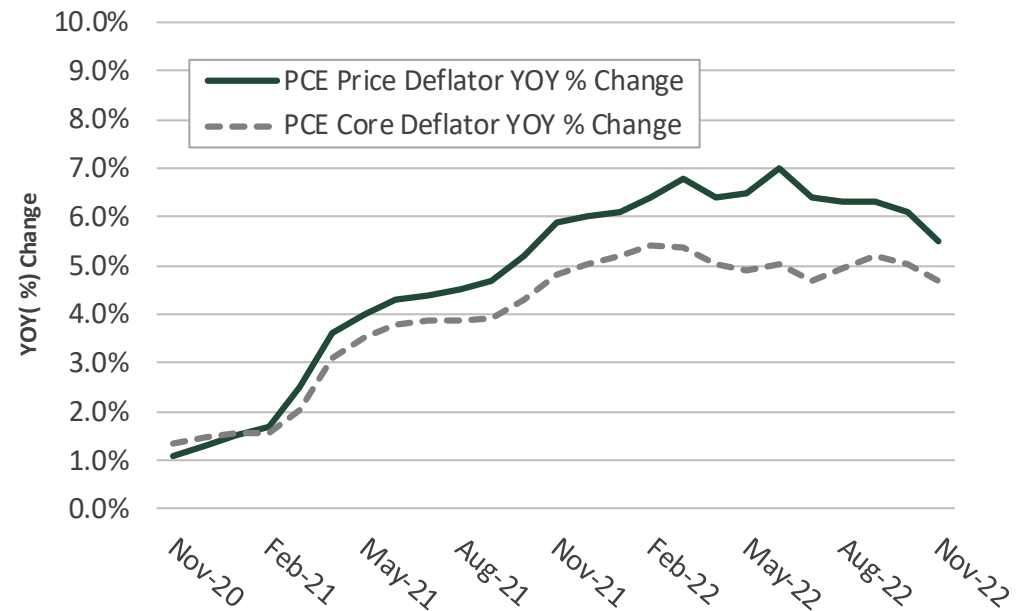
Inflation

Consumer Price Index (CPI)



Source: US Department of Labor

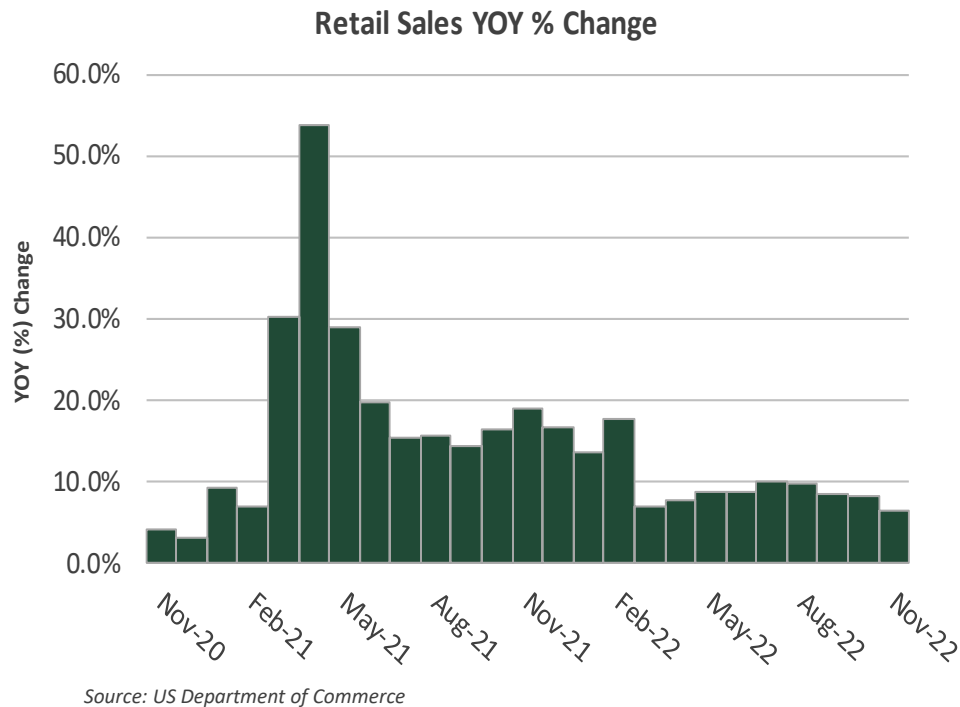
Personal Consumption Expenditures (PCE)



Source: US Department of Commerce

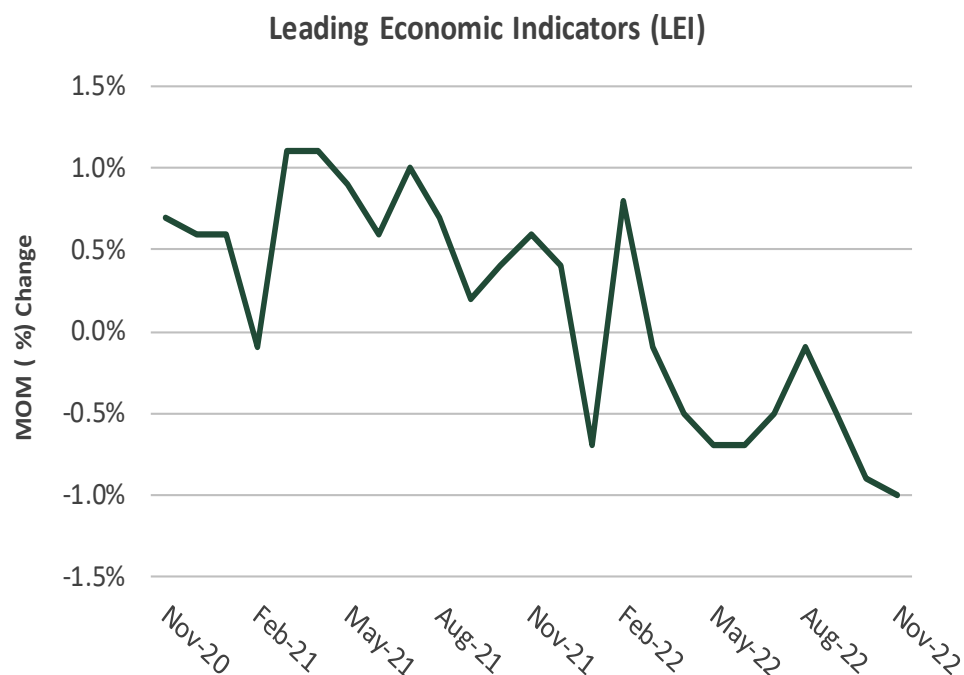
The Consumer Price Index (CPI) increased less than expected in November, up 7.1% year-over-year versus consensus expectations for 7.3%, and down from 7.7% in October. The Core CPI, which excludes volatile food and energy components, rose 6.0% year-over-year, down from a 6.3% increase in October. The pace of price gains for used cars and energy decelerated; however, shelter and food prices remain stubbornly high. The Personal Consumption Expenditures (PCE) index rose 5.5% year-over-year in November, versus an upwardly revised 6.1% year-over-year gain in October. Core PCE increased 4.7% year-over-year in November versus a 5.0% year-over-year gain in October. Although inflation may have peaked, levels remain well above the Fed's target of around 2%, which is likely to keep the Federal Reserve on the path of tightening monetary policy, albeit at a less aggressive pace.

Consumer

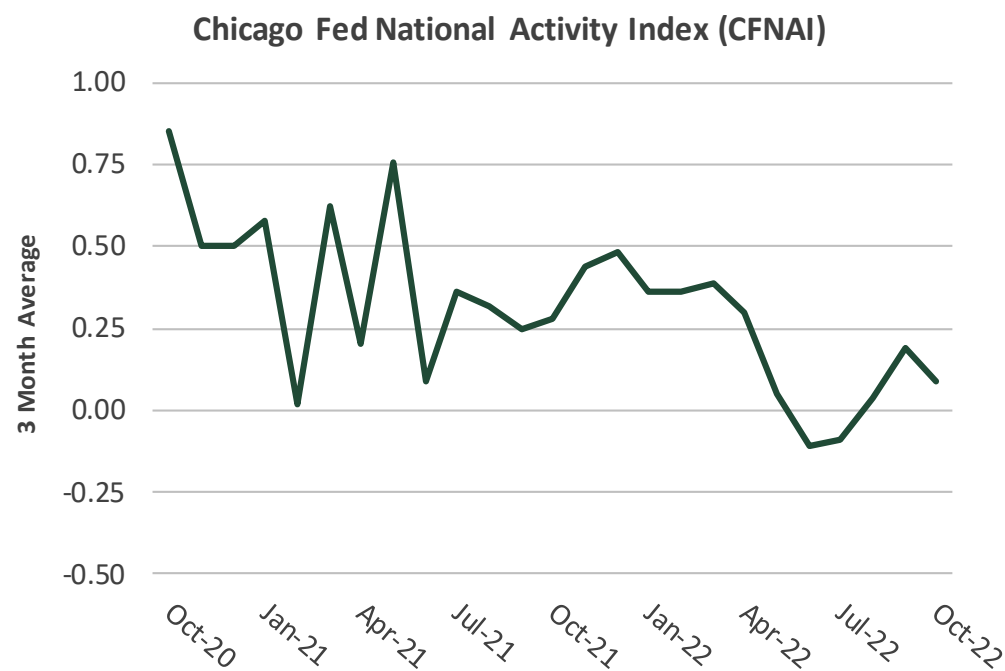


Advance Retail Sales declined more than expected in November at -0.6% month-over-month and +6.5% year-over-year, possibly suggesting some loss of momentum in consumer demand for goods amid high inflation and shifting preferences toward services. Additionally, Amazon's Prime Day may have pulled some holiday spending activity forward into October from November. The Conference Board's Consumer Confidence Index jumped more than expected to 108.3 in December from an upwardly revised 101.4 in November. Views of current conditions and the future outlook for the economy both improved as inflation expectations declined.

Economic Activity



Source: The Conference Board

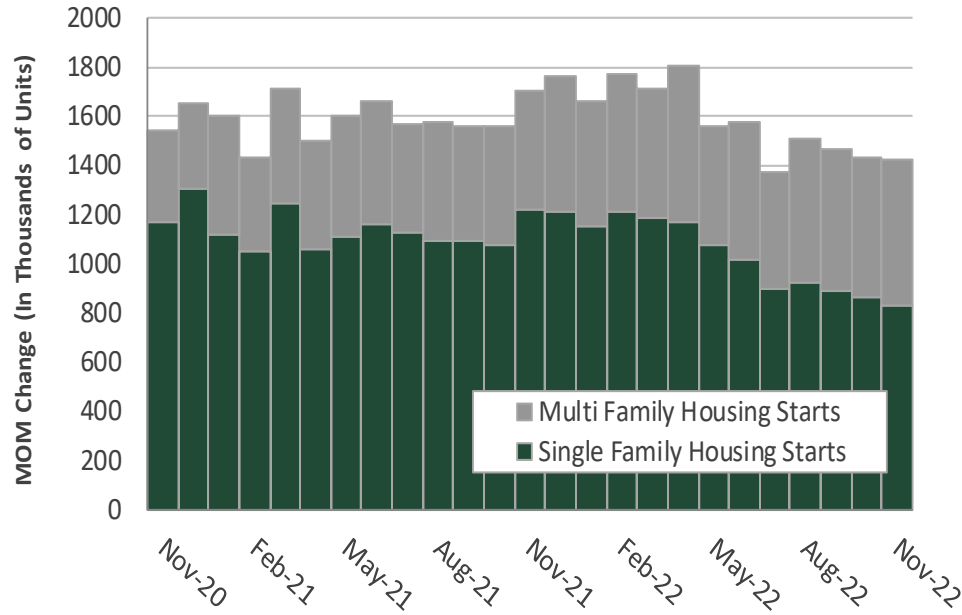


Source: Federal Reserve Bank of Chicago

The Conference Board's Leading Economic Index (LEI) remained in negative territory for the ninth consecutive month at a worse than expected -1.0% in November, following a downwardly revised -0.9% in October. The LEI was down 4.5% year-over-year in November versus down 2.9% in October. The Conference Board cited a "lack of economic growth momentum in the near term." The Chicago Fed National Activity Index (CFNAI) decreased to -0.05 in October from +0.17 in September indicating below trend growth over the month. On a 3-month moving average basis, the CFNAI moved down to +0.09 in October from an upwardly revised +0.19 in September.

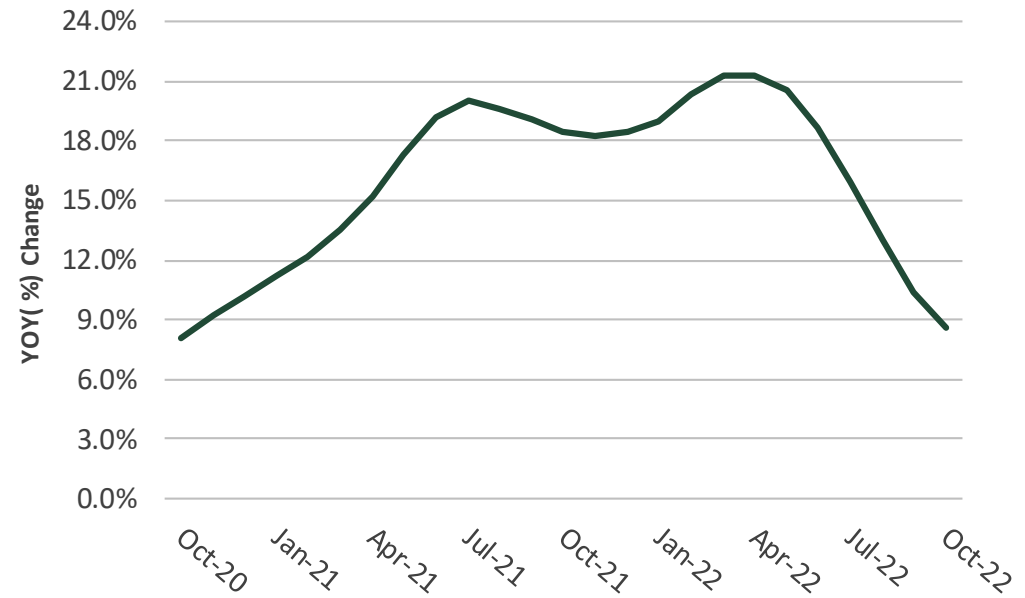
Housing

Housing Starts



Source: US Department of Commerce

S&P/Case-Shiller 20 City Composite Home Price Index

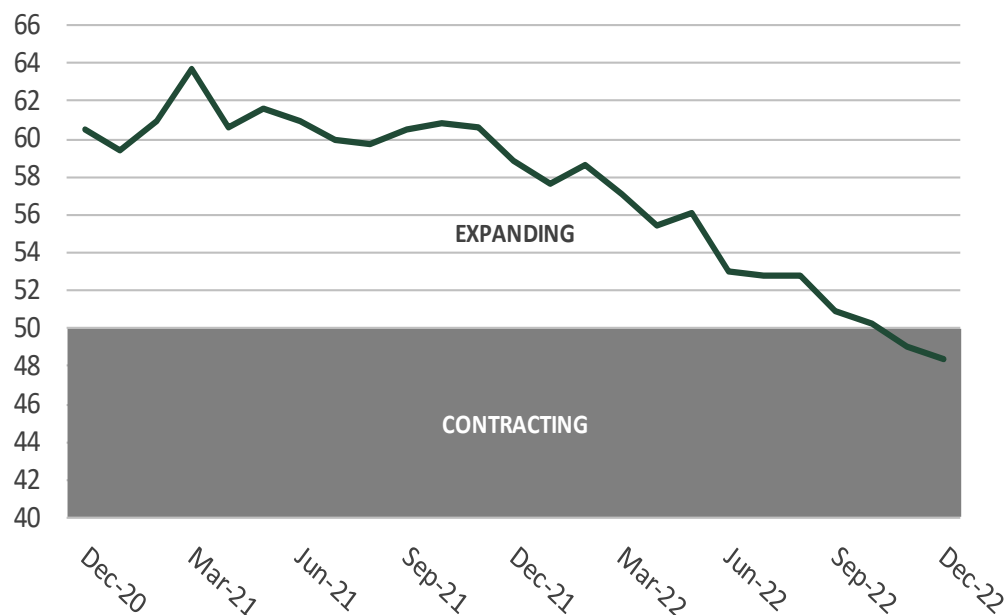


Source: S&P

Total housing starts declined 0.5% in November to 1,427,000 units after an upward revision to 1,434,000 units in October. Single-family home starts fell 4.1%, whereas multi-family starts rose 4.9% month-over-month. On a year-over-year basis, total housing starts decreased 16.4% reflecting a shift from single-family units to more affordable multi-family units as homebuyers struggle with a combination of elevated prices and higher mortgage rates. The 30-year mortgage rate has edged up to 6.4% according to Freddie Mac but remains below recent highs which topped 7%. According to the Case-Shiller 20-City Home Price Index, the year-over-year increase continued its declining rate of gain to +8.6% in October from +10.4% in September, clearly displaying the impact of higher mortgage rates which have reduced demand for homebuying as affordability has declined.

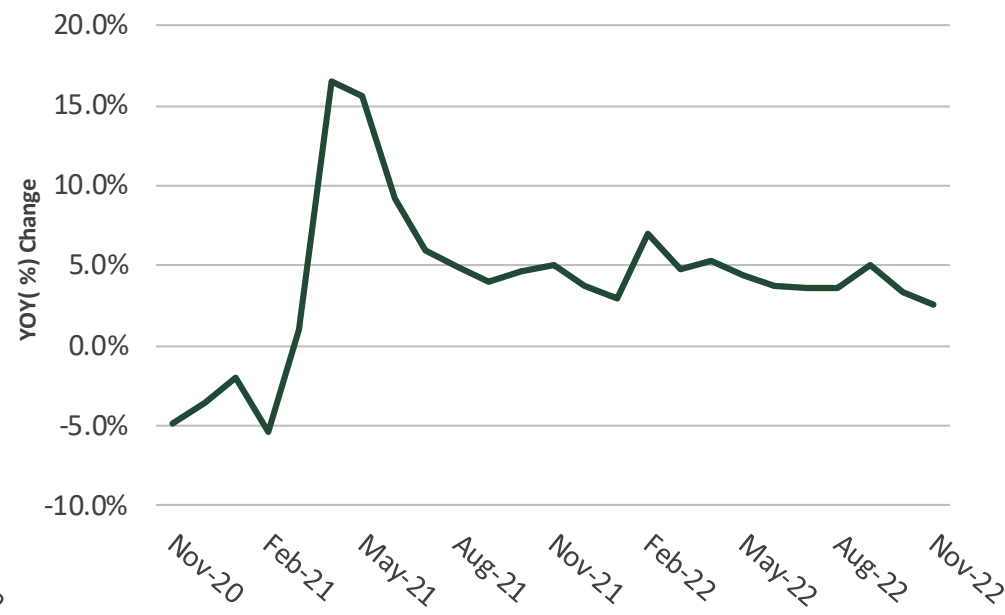
Manufacturing

Institute of Supply Management Purchasing Manager Index



Source: Institute for Supply Management

Industrial Production



Source: Federal Reserve

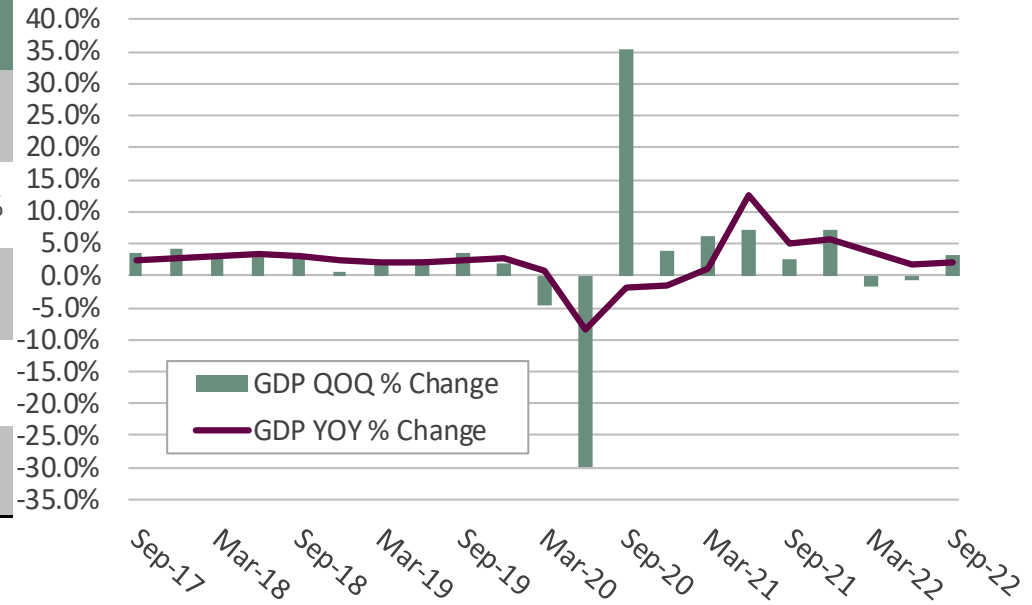
The Institute for Supply Management (ISM) manufacturing index declined to 48.4 in December from 49.0 in November. This is the second consecutive month of readings below 50.0, which is indicative of contraction in the manufacturing sector. The declining trend reflects sluggish demand amid economic uncertainty and easing price pressures in the goods sector. Industrial production was down 0.2% in November after an unrevised decline of 0.1% in October. The decrease was led by weakness in the manufacturing and mining indices. This equates to a 2.5% increase from the prior year. Capacity utilization fell to 79.7% in November from 79.9% in October and continues to run slightly above the 1972-2021 average of 79.6%.

Gross Domestic Product (GDP)

Components of GDP	12/21	3/22	6/22	9/22
Personal Consumption Expenditures	2.1%	0.9%	1.4%	1.5%
Gross Private Domestic Investment	5.1%	1.0%	-2.8%	-1.8%
Net Exports and Imports	-0.2%	-3.1%	1.2%	2.9%
Federal Government Expenditures	0.0%	-0.4%	-0.2%	0.2%
State and Local (Consumption and Gross Investment)	-0.2%	0.0%	-0.1%	0.4%
Total	7.0%	-1.6%	-0.6%	3.2%

Source: US Department of Commerce

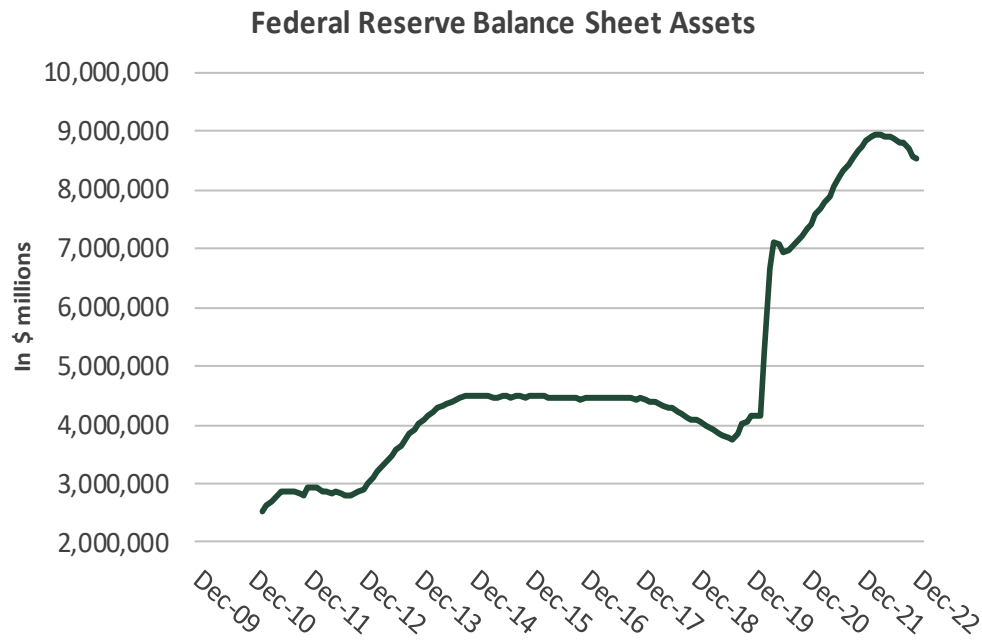
Gross Domestic Product (GDP)



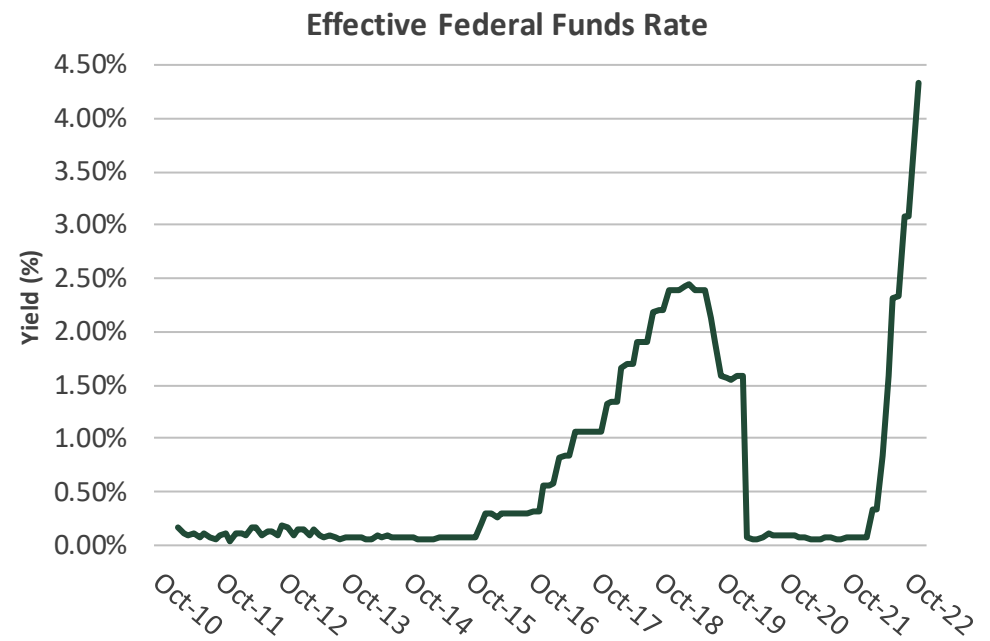
Source: US Department of Commerce

According to the third estimate, GDP increased at an annualized rate of 3.2% in the third quarter, revised up from 2.9%. The upward revision reflects stronger personal consumption expenditures which rose 2.3% in the third quarter, up from 1.7% in the previous estimate, primarily due to continued strength in services spending. Business investment, state and local government spending, and net exports also contributed to the upward revision. The consensus estimate calls for 1.1% growth in the fourth quarter and 1.9% growth for the full year 2022.

Federal Reserve



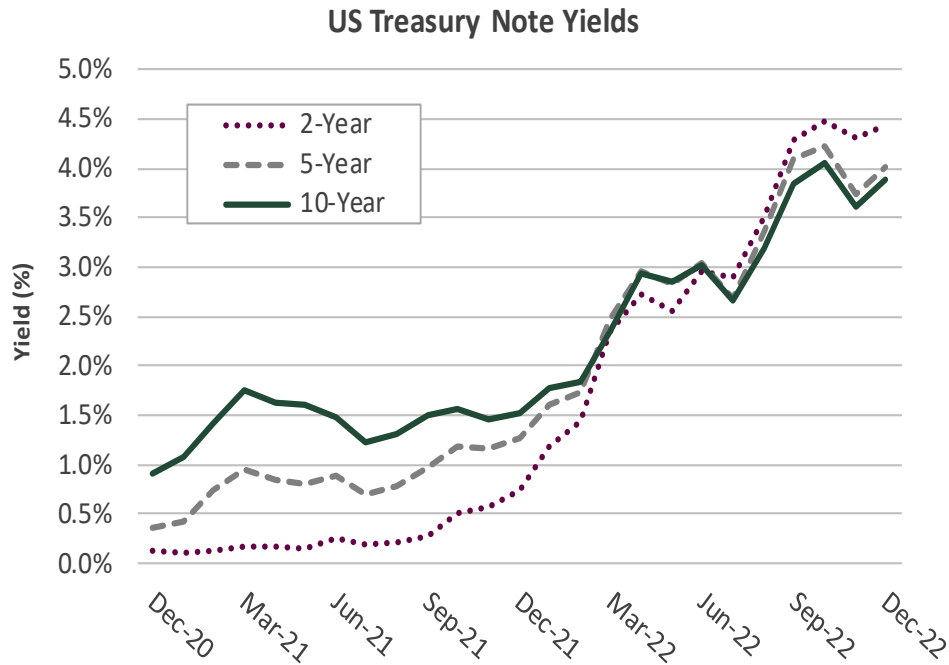
Source: Federal Reserve



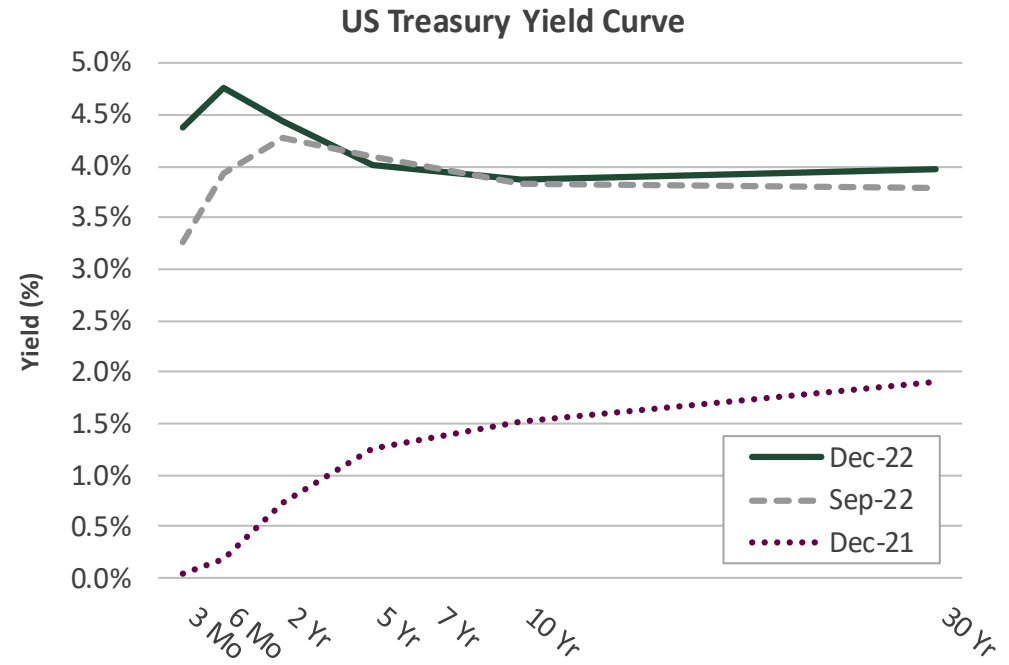
Source: Bloomberg

As expected at the December 14th meeting, the Federal Open Market Committee (FOMC) raised the fed funds target rate by 50 basis points to a range of 4.25 – 4.50%, in a downshift from four consecutive 75 basis point hikes. The decision was unanimous, and there was no change to the November statement. The sentiment was hawkish, indicating that “ongoing increases” in the fed funds rate are likely appropriate and citing continued labor market imbalances. The Summary of Economic Projections indicated a peak median forecast of 5.1% in 2023 and no rate cuts until 2024; however, the market consensus diverged, implying rate cuts in the second half of 2023. FOMC members forecasted a higher fed funds rate, slower GDP growth, higher inflation, and higher unemployment in 2023 than in the September projections. We believe the FOMC will continue to implement tighter monetary policy at a slower pace and hold rates at restrictive levels for some time until inflationary pressures subside and remain in the Fed’s target range.

Bond Yields



Source: Bloomberg



Source: Bloomberg

At the end of December, the 2-year Treasury yield was 370 basis points higher, and the 10-Year Treasury yield was about 237 basis points higher, year-over-year. The inversion between the 2-year Treasury yield and 10-year Treasury yield narrowed to -55 basis points at December month-end versus -71 basis points at November month-end. The average historical spread (since 2003) is about +130 basis points. The inversion between 3-month and 10-year treasuries narrowed to -50 basis points in December from -74 basis points in November. The shape of the yield curve indicates that the probability of recession is increasing.



Section 2 | Account Profile

Investment Objectives

The City of Brea and the Successor Agency to the Brea Redevelopment Agency's investment objectives, in order of priority, are to provide safety to ensure the preservation of capital in the overall portfolio, provide sufficient liquidity for cash needs and a market rate of return consistent with the investment program.

Chandler Asset Management Performance Objective

The performance objective for both accounts is to achieve a rate of return over a market cycle that equals or exceeds the return on a market index of similar duration and sector allocation.

Strategy

In order to achieve these objectives, the portfolio invests in high quality fixed income securities consistent with the investment policy and California Government Code.

City of Brea

Assets managed by Chandler Asset Management are in full compliance with state law and with the Client's investment policy

Category	Standard	Comment
U.S Treasuries	No limitations; Bills, Notes, and Bonds	Complies
Federal Agencies	25% max per issuer; 5% max in callables bonds issued by Agencies; U.S. Government Agency securities and instrumentality of government-sponsored corporations	Complies
Supranational Obligations	"AA" rated or higher by a NRSRO; 15% max; 5% max per issuer	Complies
Municipal Securities	5% max issuer; Other investments that are legal investments through the State of California Government Code	Complies
Corporate Medium Term Notes	"A" rating or better by a NRSRO; 30% max; 5% max per issuer	Complies
Pass Through Securities, Asset-Backed Securities (ABS), CMOs	"AA" rated or higher by a NRSRO; 20% max(combined ABS/MBS/CMO), 10% max (ABS); 5% max per issuer	Complies
Negotiable Certificates of Deposit (NCD)	30% max; 5% max per issuer	Complies
Certificates of Deposit (CDs)/ Time Deposits (TDs)	5% max issuer; FDIC Insured and/or Collateralized	Complies
Banker's Acceptances	40% max; 5% max issuer; 180 days max maturity	Complies
Commercial Paper	A-1/P-1 by S&P and Moody's; 25% max; 5% max per issuer; 270 days max maturity	Complies
Money Market Funds	Highest rating by two NRSROs; 20% max; 5% max per fund	Complies
Local Agency Investment Fund (LAIF)	60% max combined State and County investment pools; 40% max per pool	Complies
OCIP/County Pool	60% max combined State and County investment pools; 40% max per pool	Complies
Repurchase Agreements	5% max issuer; 1 year max maturity	Complies
Downgrade	If a security owned by the City is downgraded to a level below the requirements of the policy, making the security ineligible for additional purchases, the following steps will be taken: -Any actions taken related to the downgrade by the investment manager will be communicated to the City Treasurer and the Administrative Services Director within two (2) business days; -If a decision is made to retain the security, the credit situation will be monitored and reported to the City Council.	Complies
Max Per Issuer	5% max per issuer, with the exception of U.S. Treasury Obligations, U.S. Federal Government Agency obligations, Approved State and County investment pools	Complies
Maximum Maturity	5 years, unless the City Council has granted express authority to make that investment; When possible, a minimum of 25% of the portfolio should be in maturities of 1 year or less	Complies

Portfolio Characteristics

As of December 31, 2022

City of Brea

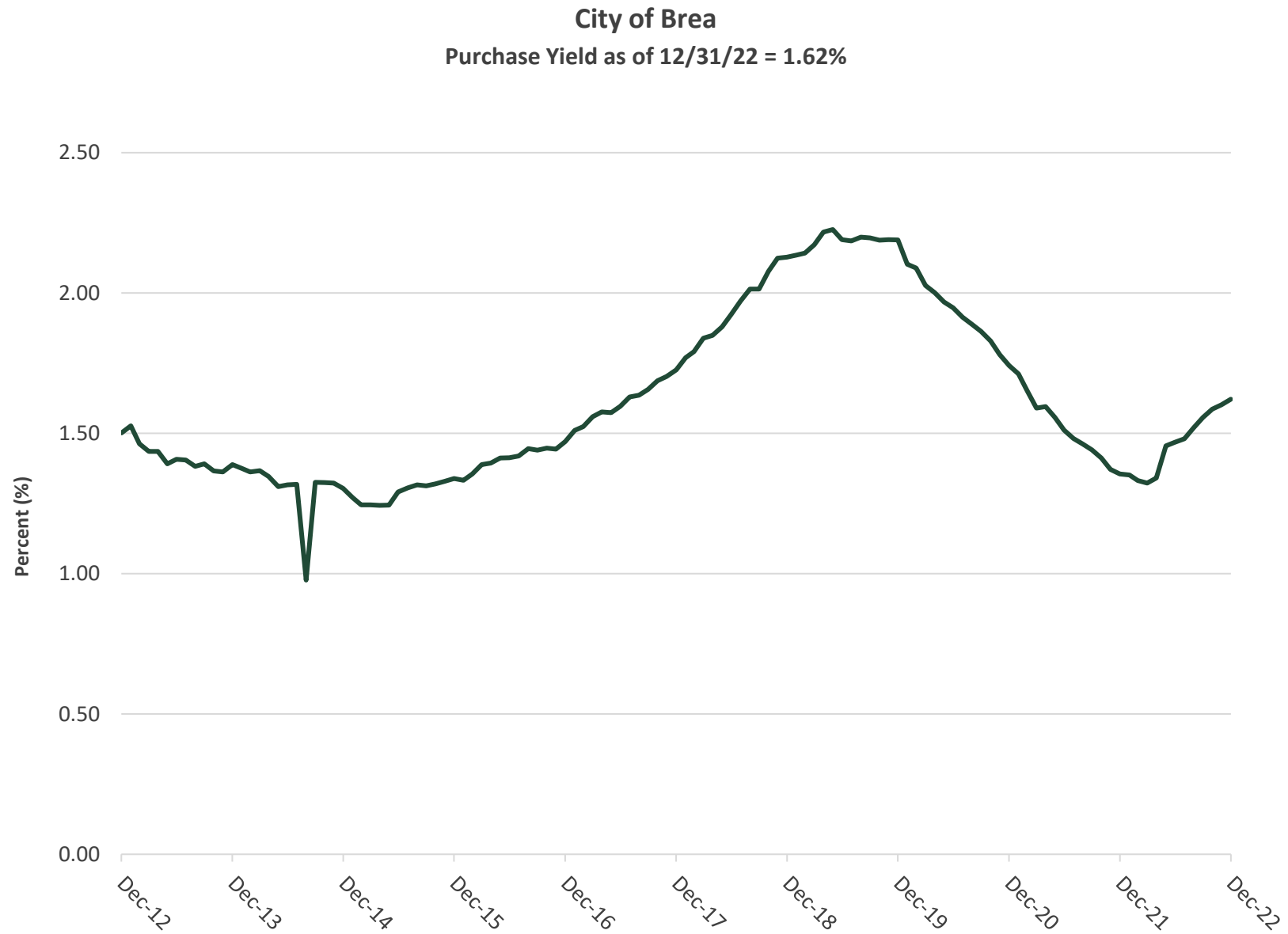
	12/31/22		09/30/22
	Benchmark*	Portfolio	Portfolio
Average Maturity (yrs)	2.61	2.45	2.71
Average Modified Duration	2.48	2.17	2.42
Average Purchase Yield	n/a	1.62%	1.56%
Average Market Yield	4.35%	4.61%	4.47%
Average Quality**	AAA	AA/Aa2	AA/Aa2
Total Market Value		94,503,041	93,504,326

*ICE BofA 1-5 Yr US Treasury & Agency Index

**Benchmark is a blended rating of S&P, Moody's, and Fitch. Portfolio is S&P and Moody's respectively.

Historical Average Purchase Yield

As of December 31, 2022



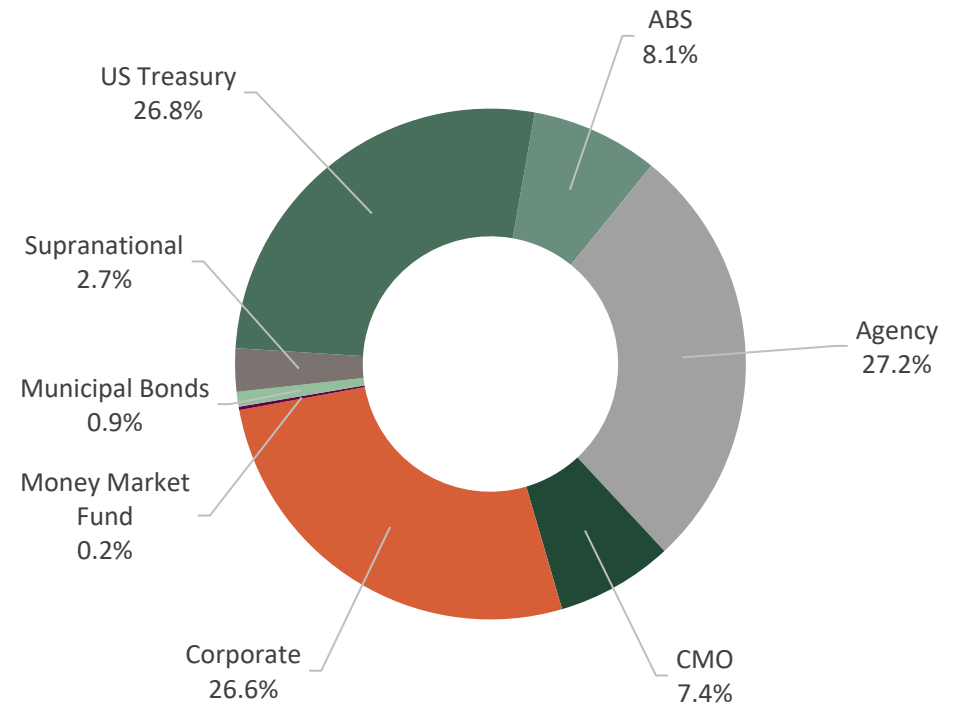
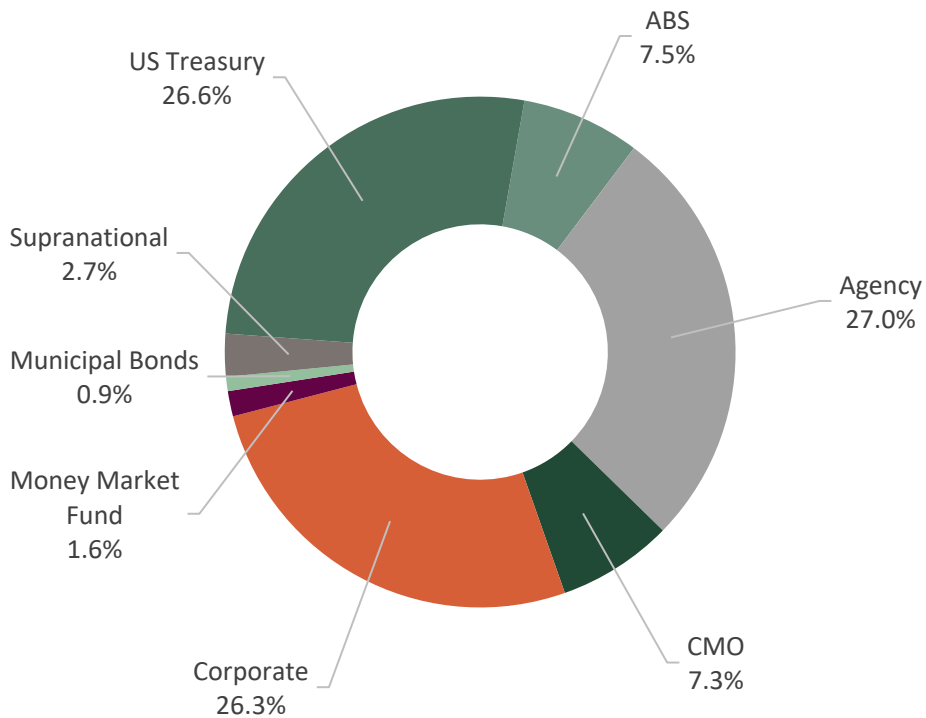
Sector Distribution

As of December 31, 2022

City of Brea

December 31, 2022

September 30, 2022

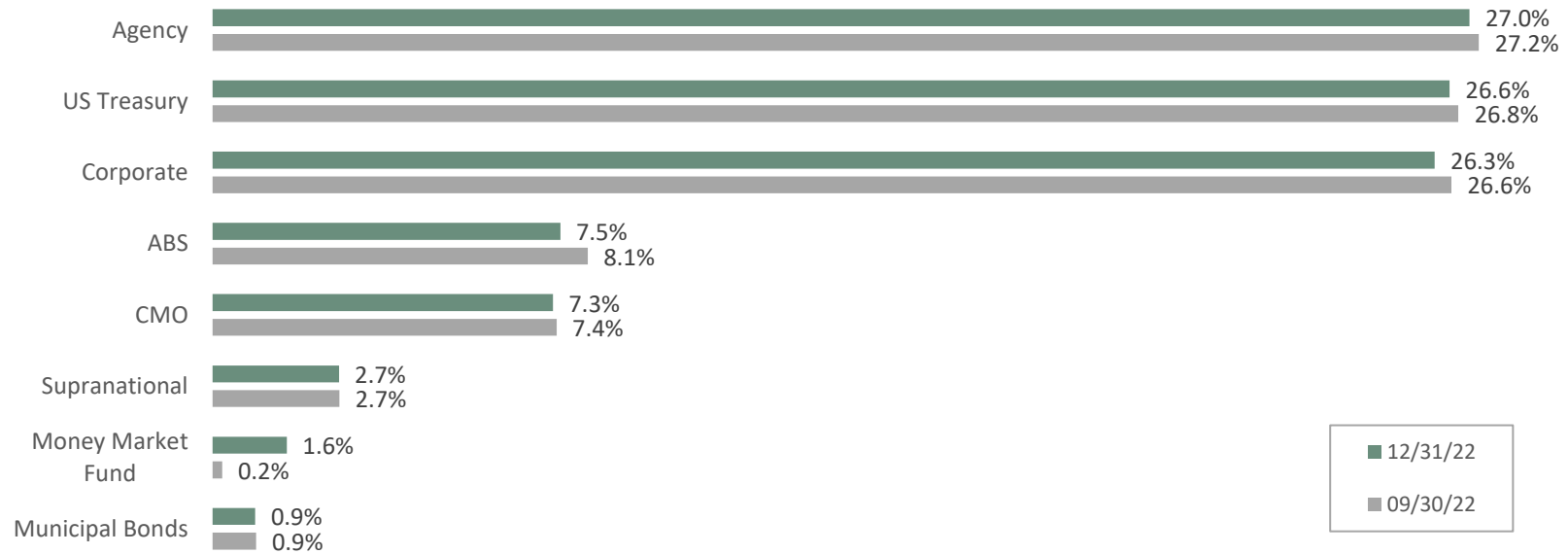


Portfolio Allocation & Duration Changes

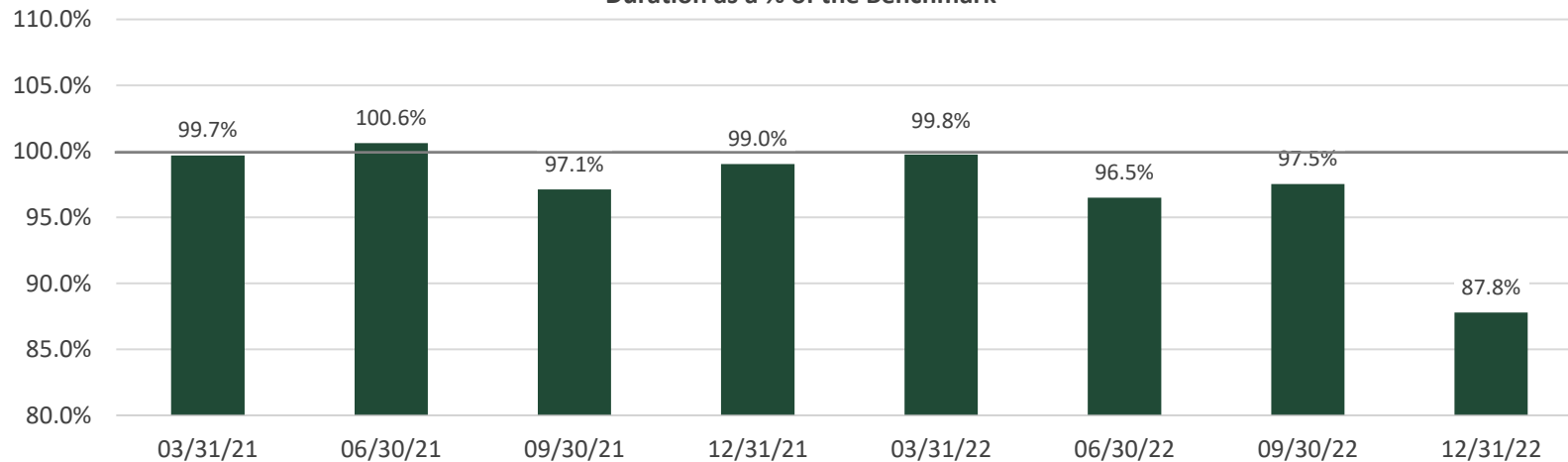
As of December 31, 2022

City of Brea

Portfolio Allocation



Duration as a % of the Benchmark



Benchmark: ICE BofA 1-5 Yr US Treasury & Agency Index

City of Brea – Account #120

Issue Name	Investment Type	% Portfolio
Government of United States	US Treasury	26.65%
Federal National Mortgage Association	Agency	13.55%
Federal Home Loan Mortgage Corp	Agency	8.01%
Federal Home Loan Mortgage Corp	CMO	7.32%
Federal Home Loan Bank	Agency	5.48%
Inter-American Dev Bank	Supranational	1.82%
Bank of America Corp	Corporate	1.81%
JP Morgan Chase & Co	Corporate	1.74%
Toyota Motor Corp	Corporate	1.74%
Royal Bank of Canada	Corporate	1.60%
Fidelity Institutional Treasury Portfolio	Money Market Fund	1.60%
Caterpillar Inc	Corporate	1.60%
Amazon.com Inc	Corporate	1.37%
Honda ABS	ABS	1.30%
Chubb Corporation	Corporate	1.29%
Bank of Montreal Chicago	Corporate	1.28%
Charles Schwab Corp/The	Corporate	1.27%
GM Financial Automobile Leasing Trust	ABS	1.17%
John Deere ABS	ABS	1.15%
Toronto Dominion Holdings	Corporate	1.13%
Paccar Financial	Corporate	1.11%
Berkshire Hathaway	Corporate	1.06%
Toyota ABS	ABS	1.04%
National Rural Utilities	Corporate	1.02%
US Bancorp	Corporate	0.97%
Salesforce.com Inc	Corporate	0.93%
State of California	Municipal Bonds	0.92%
Hyundai Auto Receivables	ABS	0.91%
Intl Bank Recon and Development	Supranational	0.90%
BMW Vehicle Lease Trust	ABS	0.90%
Duke Energy Field Services	Corporate	0.85%
Bank of New York	Corporate	0.83%
United Health Group Inc	Corporate	0.67%
Deere & Company	Corporate	0.65%
Truist Financial Corporation	Corporate	0.63%
Costco Wholesale Corporation	Corporate	0.60%
Target Corp	Corporate	0.52%
Morgan Stanley	Corporate	0.49%

City of Brea – Account #120

Issue Name	Investment Type	% Portfolio
Northern Trust Corp	Corporate	0.45%
Apple Inc	Corporate	0.44%
GM Financial Securitized Term Auto Trust	ABS	0.44%
Verizon Owner Trust	ABS	0.39%
Wal-Mart Stores	Corporate	0.22%
Nissan ABS	ABS	0.12%
Mercedes-Benz Auto Lease Trust	ABS	0.05%
TOTAL		100.00%

Agency

- Agency spreads were modestly wider during the quarter. Issuance remains concentrated in very short maturities keeping spreads further out the curve at historically very tight levels.
- We continued to use Agencies as a source of funding for investment in other sectors where we see better relative value opportunities.

Investment Grade Credit

- Investment Grade credit spreads were materially tighter during the quarter, widening initially in October before rallying into year end.
- Corporate credit fundamentals, including profitability, leverage and liquidity remain strong although we expect to see greater dispersion going forward reflecting the more challenging economic backdrop in 2023.
- Our Corporate holdings are well diversified and positioned should the economic environment continue to deteriorate.

Pass-Through Securities

- Asset-Backed Securities were modestly wider during the quarter reflecting robust levels of issuance and a gradual deterioration in credit quality, albeit from very strong levels. We remain positive on the sector due to still solid underlying borrower and collateral characteristics alongside structural credit enhancements.
- Agency Pass-Through Securities performed well with spreads remaining broadly unchanged. We continue to view Agency Pass-Throughs as a compelling portfolio diversifier, providing yield enhancement over Agency securities for similar credit quality and liquidity.

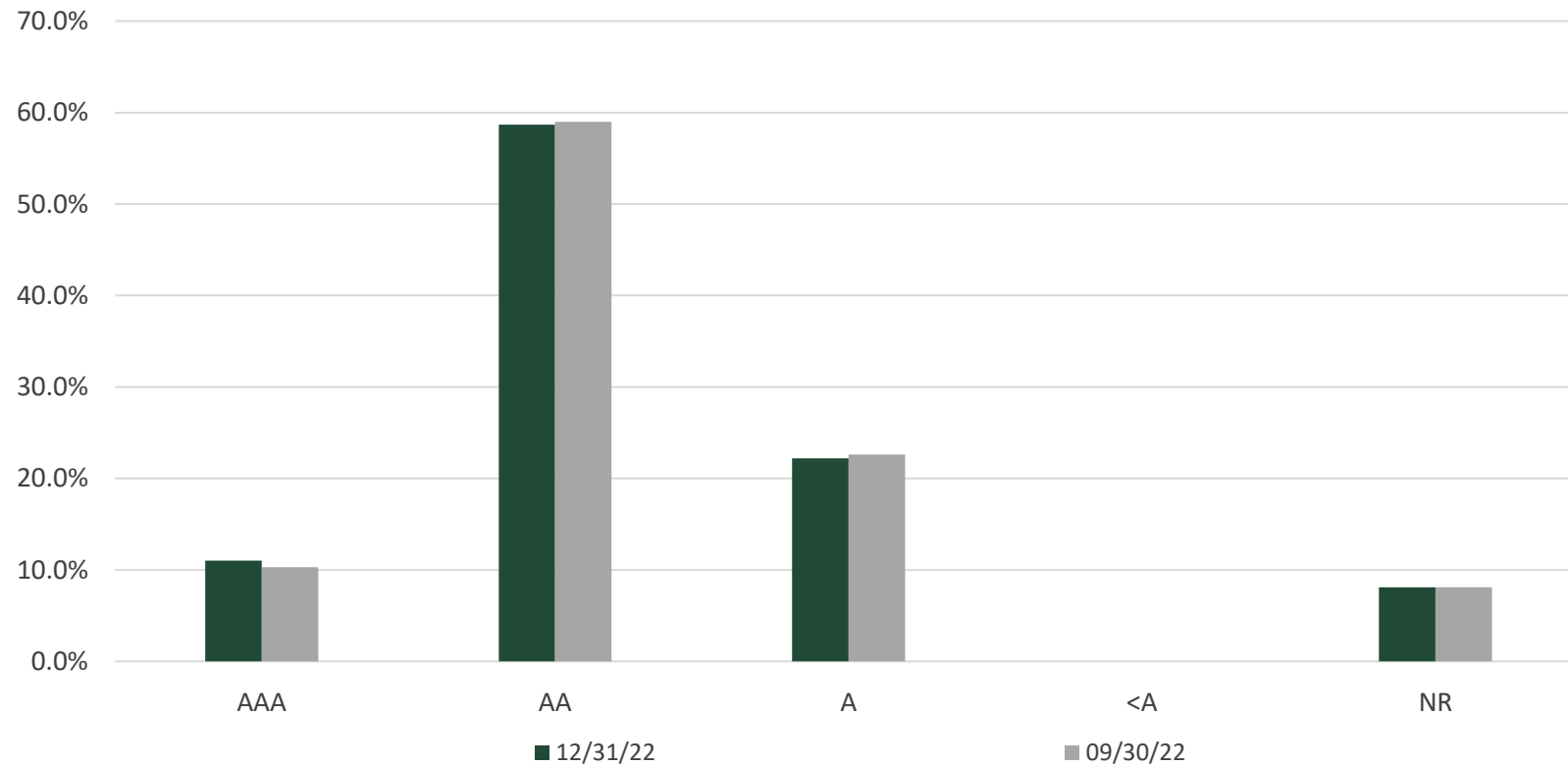
Municipal Bonds

- Taxable Municipal Bond spreads were modestly wider during the quarter while fundamental borrower underpinnings remain sound.
- Valuations in shorter dated maturities relevant for the City's portfolio remain unattractive. We continue to look for any suitable opportunities to increase exposure to the sector.

Quality Distribution

As of December 31, 2022

City of Brea
December 31, 2022 vs. September 30, 2022



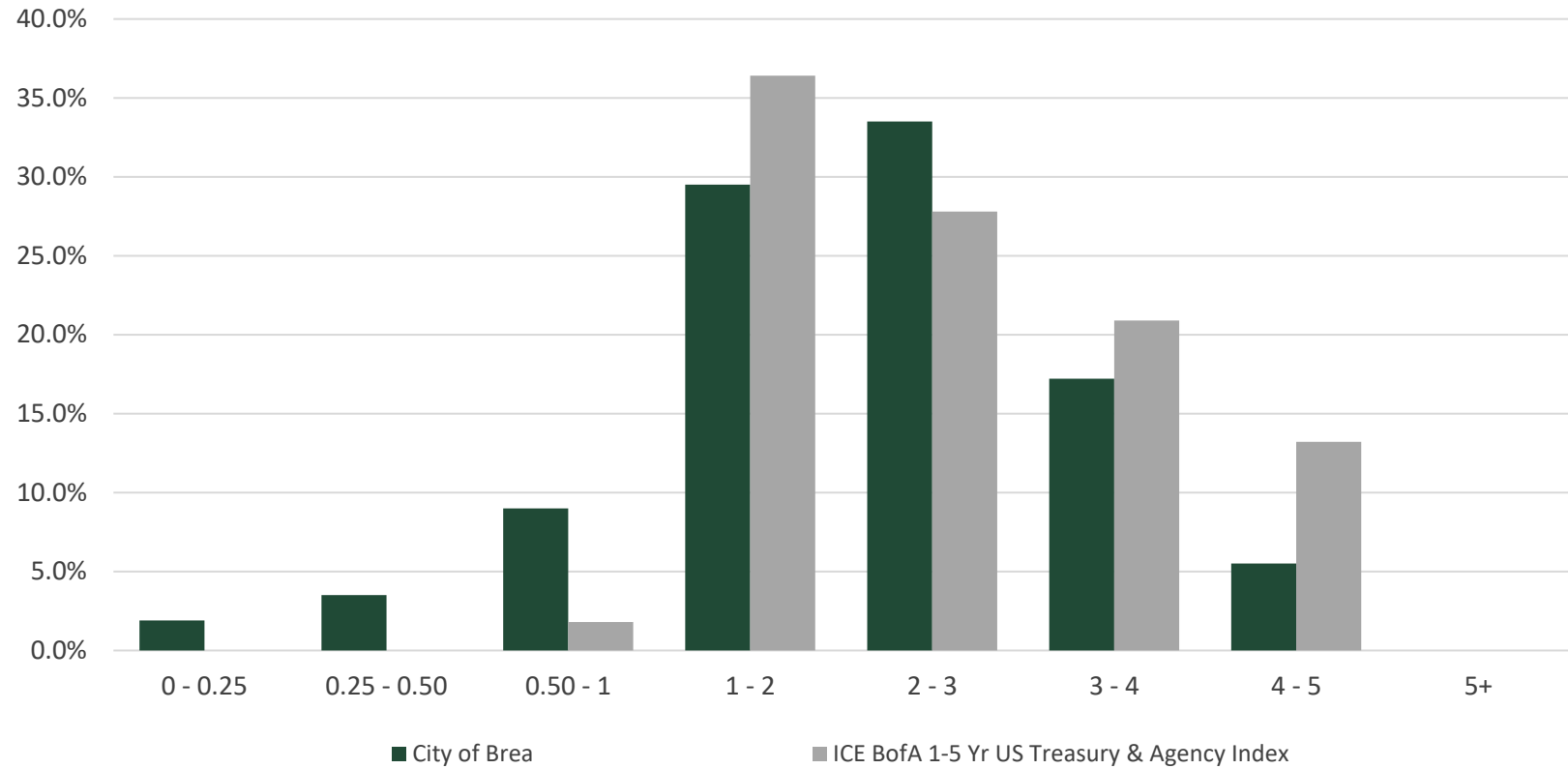
	AAA	AA	A	<A	NR
12/31/22	11.0%	58.7%	22.2%	0.0%	8.1%
09/30/22	10.3%	59.0%	22.6%	0.0%	8.1%

Source: S&P Ratings

Duration Distribution

As of December 31, 2022

City of Brea
Portfolio Compared to the Benchmark

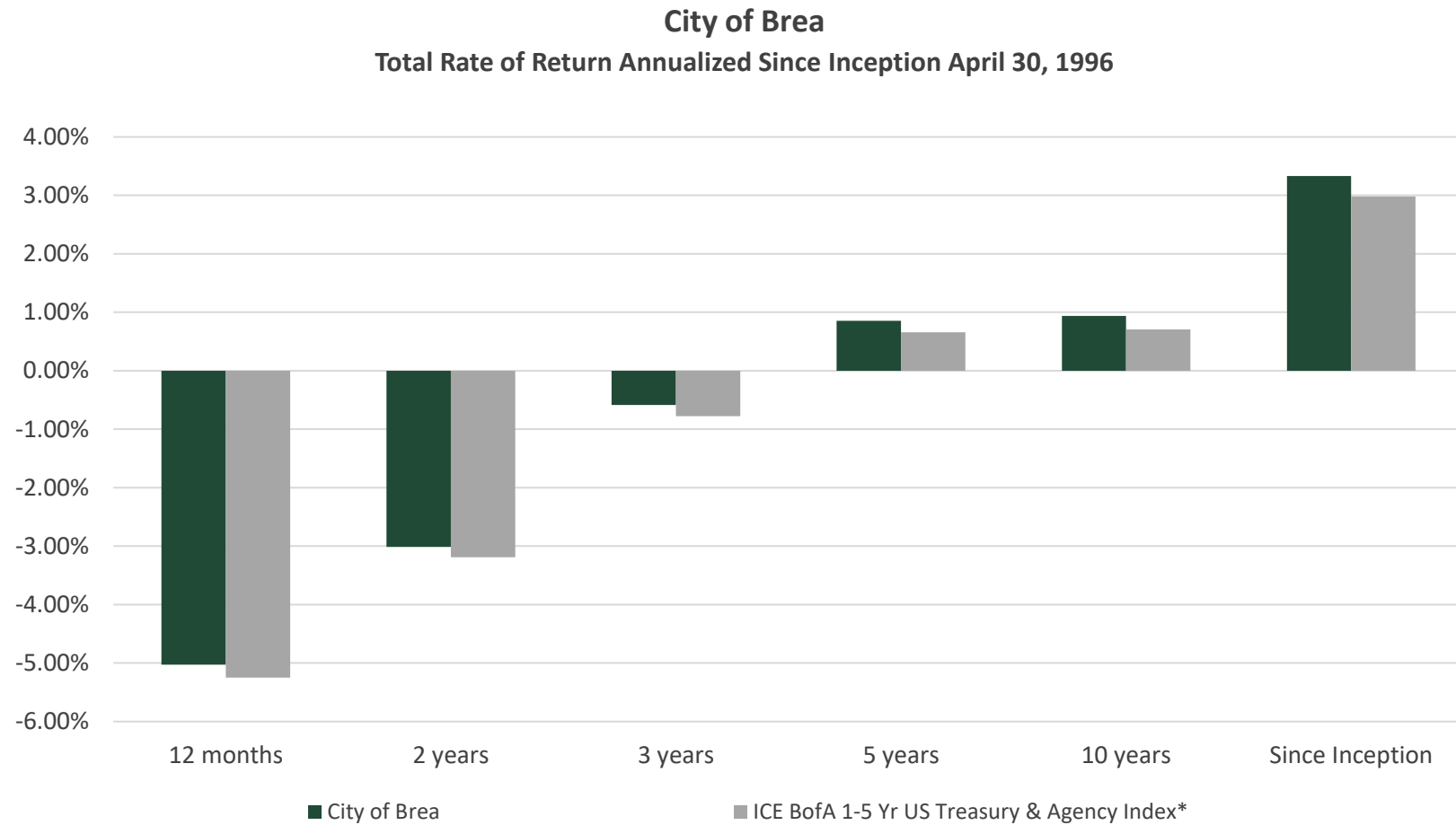


	0 - 0.25	0.25 - 0.50	0.50 - 1	1 - 2	2 - 3	3 - 4	4 - 5	5+
Portfolio	1.9%	3.5%	9.0%	29.5%	33.5%	17.2%	5.5%	0.0%
Benchmark*	0.0%	0.0%	1.8%	36.4%	27.8%	20.9%	13.2%	0.0%

*ICE BofA 1-5 Yr US Treasury & Agency Index

Investment Performance

As of December 31, 2022



TOTAL RATE OF RETURN	Annualized						
	3 months	12 months	2 years	3 years	5 years	10 years	Since Inception
City of Brea	1.07%	-5.03%	-3.01%	-0.58%	0.85%	0.94%	3.33%
ICE BofA 1-5 Yr US Treasury & Agency Index*	0.95%	-5.25%	-3.19%	-0.78%	0.66%	0.71%	2.98%

*ICE BofA 1-Yr US Treasury Bill Index to 9/30/01

Total rate of return: A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains and losses in the portfolio.

Portfolio Characteristics

As of December 31, 2022

City of Brea LAIF

	12/31/22 Portfolio	09/30/22 Portfolio
Average Maturity (yrs)	0.00	0.00
Modified Duration	0.00	0.00
Average Purchase Yield	2.23%	1.60%
Average Market Yield	2.23%	1.60%
Average Quality*	NR/NR	NR/NR
Total Market Value	3,450,139	2,535,981

**Portfolio is S&P and Moody's, respectively.*

Portfolio Characteristics

As of December 31, 2022

Successor Agency to the Brea RDA LAIF

	12/31/22 Portfolio	09/30/22 Portfolio
Average Maturity (yrs)	0.00	0.00
Modified Duration	0.00	0.00
Average Purchase Yield	2.23%	1.60%
Average Market Yield	2.23%	1.60%
Average Quality*	NR/NR	NR/NR
Total Market Value	19,203	19,105

**Portfolio is S&P and Moody's, respectively.*

City Brea Bond Reserve Funds
Portfolio Characteristics
Summary of Accounts Managed

December 31, 2022

Name of Account	Average Maturity (Years)	Average Book Yield	Market Value	Average Quality
Brea CFD 2008 2 17 Reserve Fund	1.84	2.23%	651,763	AA+/Aaa



Section 3 | Portfolio Holdings

Holdings Report

As of December 31, 2022

City of Brea - Account #120

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
ABS									
58769EAC2	Mercedes-Benz Auto Lease Trust 2020-B A3 0.400% Due 11/15/2023	50,218.97	09/15/2020 0.40%	50,216.43 50,218.93	99.76 5.09%	50,100.43 8.93	0.05% (118.50)	NR / AAA AAA	0.87 0.05
92348AAA3	Verizon Owner Trust 2019-C A1A 1.940% Due 04/22/2024	12,916.52	10/01/2019 1.95%	12,915.52 12,916.23	99.82 4.57%	12,893.90 7.66	0.01% (22.33)	NR / AAA AAA	1.31 0.07
65479JAD5	Nissan Auto Receivables Owner 2019-C A3 1.930% Due 07/15/2024	115,785.32	Various 1.71%	116,355.83 115,992.62	99.64 5.03%	115,370.97 99.32	0.12% (621.65)	Aaa / AAA NR	1.54 0.11
43813DAC2	Honda Auto Receivables 2020-2 A3 0.820% Due 07/15/2024	88,128.84	05/18/2020 0.83%	88,121.90 88,126.26	98.53 5.51%	86,833.65 32.12	0.09% (1,292.61)	Aaa / AAA NR	1.54 0.31
47789KAC7	John Deere Owner Trust 2020-A A3 1.100% Due 08/15/2024	96,409.20	03/04/2020 1.11%	96,403.31 96,407.04	99.13 4.89%	95,566.91 47.13	0.10% (840.13)	Aaa / NR AAA	1.62 0.23
43813KAC6	Honda Auto Receivables Trust 2020-3 A3 0.370% Due 10/18/2024	233,234.42	09/22/2020 0.38%	233,200.15 233,224.81	97.82 5.31%	228,138.39 31.16	0.24% (5,086.42)	NR / AAA AAA	1.80 0.44
36262XAC8	GM Financial Auto Lease Trust 2021-3 A2 0.390% Due 10/21/2024	640,000.00	08/10/2021 0.39%	639,991.30 639,996.23	97.16 5.38%	621,805.12 76.27	0.66% (18,191.11)	NR / AAA AAA	1.81 0.57
47787NAC3	John Deere Owner Trust 2020-B A3 0.510% Due 11/15/2024	81,623.77	07/14/2020 0.52%	81,611.33 81,620.06	98.46 5.34%	80,369.84 18.50	0.09% (1,250.22)	Aaa / NR AAA	1.88 0.32
09690AAC7	BMW Vehicle Lease Trust 2021-2 A3 0.330% Due 12/26/2024	570,150.23	Various 1.50%	562,252.31 565,504.34	97.72 5.25%	557,123.66 31.36	0.59% (8,380.68)	Aaa / NR AAA	1.99 0.46
89236XAC0	Toyota Auto Receivables 2020-D A3 0.350% Due 01/15/2025	175,996.89	10/06/2020 0.36%	175,964.11 175,981.19	98.25 4.95%	172,910.40 27.38	0.18% (3,070.79)	NR / AAA AAA	2.04 0.38
92290BAA9	Verizon Owner Trust 2020-B A 0.470% Due 02/20/2025	365,115.57	08/04/2020 0.48%	365,038.90 365,079.35	98.49 5.05%	359,615.69 52.43	0.38% (5,463.66)	Aaa / NR AAA	2.14 0.33
36265MAC9	GM Financial Auto Lease Trust 2022-1 A3 1.900% Due 03/20/2025	505,000.00	02/15/2022 1.91%	504,995.66 504,997.38	96.62 5.32%	487,952.72 293.18	0.52% (17,044.66)	Aaa / NR AAA	2.22 1.00
05601XAC3	BMW Vehicle Lease Trust 2022-1 A3 1.100% Due 03/25/2025	300,000.00	01/11/2022 1.11%	299,955.15 299,974.70	96.74 5.29%	290,231.91 55.00	0.31% (9,742.79)	NR / AAA AAA	2.23 0.78
43813GAC5	Honda Auto Receivables Trust 2021-1 A3 0.270% Due 04/21/2025	161,285.75	02/17/2021 0.27%	161,282.79 161,284.57	96.73 6.22%	156,012.59 12.10	0.17% (5,271.98)	Aaa / NR AAA	2.31 0.55
44891RAC4	Hyundai Auto Receivables Trust 2020-C A3 0.380% Due 05/15/2025	300,585.61	10/20/2020 0.39%	300,516.39 300,562.06	97.38 5.63%	292,701.22 50.77	0.31% (7,860.84)	NR / AAA AAA	2.37 0.50
89240BAC2	Toyota Auto Receivables Owners 2021-A A3 0.260% Due 05/15/2025	556,395.63	02/02/2021 0.27%	556,292.37 556,355.55	97.42 4.82%	542,047.97 64.29	0.57% (14,307.58)	Aaa / NR AAA	2.37 0.56
44933LAC7	Hyundai Auto Receivables Trust 2021-A A3 0.380% Due 09/15/2025	373,759.53	04/20/2021 0.38%	373,720.22 373,741.87	96.71 5.51%	361,460.60 63.12	0.38% (12,281.27)	NR / AAA AAA	2.71 0.64

Holdings Report

As of December 31, 2022

City of Brea - Account #120

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
43815GAC3	Honda Auto Receivables Trust 2021-4 A3 0.880% Due 01/21/2026	305,000.00	11/16/2021 0.89%	304,935.71 304,957.57	94.91 5.11%	289,462.57 74.56	0.31% (15,495.00)	Aaa / NR AAA	3.06 1.22
47789QAC4	John Deere Owner Trust 2021-B A3 0.520% Due 03/16/2026	385,000.00	07/13/2021 0.52%	384,965.66 384,979.29	94.91 5.29%	365,394.91 88.98	0.39% (19,584.38)	Aaa / NR AAA	3.21 1.08
89238JAC9	Toyota Auto Receivables Trust 2021-D A3 0.710% Due 04/15/2026	285,000.00	11/09/2021 0.71%	284,993.93 284,996.04	94.21 5.70%	268,498.50 89.93	0.28% (16,497.54)	NR / AAA AAA	3.29 1.18
44935FAD6	Hyundai Auto Receivables Trust 2021-C A3 0.740% Due 05/15/2026	220,000.00	11/09/2021 0.75%	219,950.90 219,968.33	94.47 5.54%	207,824.34 72.36	0.22% (12,143.99)	NR / AAA AAA	3.37 1.17
43815BAC4	Honda Auto Receivables Trust 2022-1 A3 1.880% Due 05/15/2026	495,000.00	02/15/2022 1.89%	494,925.55 494,945.29	95.03 5.03%	470,398.21 413.60	0.50% (24,547.08)	Aaa / AAA NR	3.37 1.60
362554AC1	GM Financial Securitized Term 2021-4 A3 0.680% Due 09/16/2026	235,000.00	10/13/2021 0.68%	234,994.01 234,996.12	94.48 5.54%	222,030.92 66.58	0.24% (12,965.20)	Aaa / AAA NR	3.71 1.15
380146AC4	GM Financial Auto Receivables 2022-1 A3 1.260% Due 11/16/2026	200,000.00	01/11/2022 1.27%	199,982.62 199,987.59	94.55 5.35%	189,096.56 105.00	0.20% (10,891.03)	NR / AAA AAA	3.88 1.35
47800BAC2	John Deere Owner Trust 2022-C A3 5.090% Due 06/15/2027	540,000.00	10/12/2022 5.15%	539,958.10 539,960.42	100.38 4.97%	542,034.67 1,221.60	0.57% 2,074.25	Aaa / NR AAA	4.46 2.15
TOTAL ABS		7,291,606.25	1.18%	7,283,540.15 7,286,773.84	5.26%	7,065,876.65 3,103.33	7.48% (220,897.19)	Aaa / AAA AAA	2.65 0.88

Agency									
3137EAER6	FHLMC Note 0.375% Due 05/05/2023	1,510,000.00	05/05/2020 0.39%	1,509,365.80 1,509,928.05	98.62 4.45%	1,489,113.20 880.83	1.58% (20,814.85)	Aaa / AA+ AAA	0.34 0.34
3137EAEV7	FHLMC Note 0.250% Due 08/24/2023	1,025,000.00	08/19/2020 0.28%	1,023,954.50 1,024,776.24	97.09 4.87%	995,155.83 903.99	1.05% (29,620.41)	Aaa / AA+ AAA	0.65 0.63
3135G0U43	FNMA Note 2.875% Due 09/12/2023	1,500,000.00	06/21/2019 1.89%	1,559,805.00 1,509,857.54	98.71 4.77%	1,480,721.01 13,057.29	1.58% (29,136.53)	Aaa / AA+ AAA	0.70 0.67
3135G06H1	FNMA Note 0.250% Due 11/27/2023	1,610,000.00	11/23/2020 0.29%	1,608,164.60 1,609,447.87	96.06 4.75%	1,546,554.89 380.14	1.64% (62,892.98)	Aaa / AA+ AAA	0.91 0.88
3130A0F70	FHLB Note 3.375% Due 12/08/2023	1,075,000.00	Various 2.74%	1,106,057.50 1,080,918.55	98.57 4.96%	1,059,600.65 2,317.97	1.12% (21,317.90)	Aaa / AA+ AAA	0.94 0.91
3130AB3H7	FHLB Note 2.375% Due 03/08/2024	1,500,000.00	04/29/2019 2.37%	1,500,105.00 1,500,025.57	97.31 4.73%	1,459,616.58 11,182.29	1.56% (40,408.99)	Aaa / AA+ NR	1.19 1.14
3130A1XJ2	FHLB Note 2.875% Due 06/14/2024	1,500,000.00	06/18/2019 1.96%	1,564,890.20 1,518,875.85	97.72 4.51%	1,465,796.10 2,036.46	1.55% (53,079.75)	Aaa / AA+ NR	1.45 1.40
3130A2UW4	FHLB Note 2.875% Due 09/13/2024	1,200,000.00	09/13/2019 1.79%	1,262,028.00 1,221,118.09	97.12 4.65%	1,165,455.44 10,350.00	1.24% (55,662.65)	Aaa / AA+ AAA	1.70 1.62

Holdings Report

As of December 31, 2022

City of Brea - Account #120

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
3135G0W66	FNMA Note 1.625% Due 10/15/2024	1,755,000.00	Various	1,765,434.95	95.05	1,668,072.69	1.77%	Aaa / AA+	1.79
			1.49%	1,759,043.73	4.54%	6,020.63	(90,971.04)	AAA	1.72
3135G0X24	FNMA Note 1.625% Due 01/07/2025	1,875,000.00	Various	1,888,349.75	94.54	1,772,699.68	1.89%	Aaa / AA+	2.02
			1.47%	1,880,556.84	4.48%	14,726.57	(107,857.16)	AAA	1.93
3137EAEPO	FHLMC Note 1.500% Due 02/12/2025	1,920,000.00	02/13/2020	1,918,521.60	94.29	1,810,441.40	1.93%	Aaa / AA+	2.12
			1.52%	1,919,373.81	4.35%	11,120.00	(108,932.41)	AAA	2.03
3135G03U5	FNMA Note 0.625% Due 04/22/2025	1,510,000.00	04/22/2020	1,506,889.40	91.94	1,388,368.55	1.47%	Aaa / AA+	2.31
			0.67%	1,508,564.08	4.33%	1,808.85	(120,195.53)	AAA	2.24
3135G04Z3	FNMA Note 0.500% Due 06/17/2025	1,800,000.00	Various	1,802,513.00	91.07	1,639,172.43	1.73%	Aaa / AA+	2.46
			0.46%	1,801,541.25	4.37%	350.00	(162,368.82)	AAA	2.40
3137EAEU9	FHLMC Note 0.375% Due 07/21/2025	1,800,000.00	Various	1,793,673.60	90.57	1,630,297.60	1.73%	Aaa / AA+	2.56
			0.45%	1,796,693.21	4.31%	3,000.00	(166,395.61)	AAA	2.49
3135G05X7	FNMA Note 0.375% Due 08/25/2025	1,800,000.00	Various	1,793,460.00	90.27	1,624,827.89	1.72%	Aaa / AA+	2.65
			0.45%	1,796,276.98	4.30%	2,362.51	(171,449.09)	AAA	2.58
3137EAEX3	FHLMC Note 0.375% Due 09/23/2025	1,805,000.00	Various	1,799,651.55	90.07	1,625,763.01	1.72%	Aaa / AA+	2.73
			0.44%	1,802,026.43	4.27%	1,842.61	(176,263.42)	AAA	2.66
3135G06G3	FNMA Note 0.500% Due 11/07/2025	1,825,000.00	Various	1,819,098.50	90.01	1,642,695.31	1.74%	Aaa / AA+	2.85
			0.57%	1,821,624.67	4.26%	1,368.75	(178,929.36)	AAA	2.77
TOTAL Agency		27,010,000.00	1.09%	27,221,962.95 27,060,648.76	4.50%	25,464,352.26 83,708.89	27.03% (1,596,296.50)	Aaa / AA+ AAA	1.79 1.74
CMO									
3137BDCW4	FHLMC K039 A2 3.303% Due 07/25/2024	1,650,000.00	11/04/2021	1,748,226.56	97.58	1,610,019.02	1.71%	NR / NR	1.57
			0.60%	1,705,678.68	5.00%	4,541.63	(95,659.66)	AAA	1.33
3137BFE98	FHLMC K041 A2 3.171% Due 10/25/2024	850,000.00	07/01/2021	914,347.66	96.89	823,575.46	0.87%	Aaa / AAA	1.82
			0.72%	884,786.93	4.99%	2,246.13	(61,211.47)	AAA	1.63
3137F4WZ1	FHLMC K731 A2 3.600% Due 02/25/2025	1,382,932.52	05/03/2022	1,398,706.59	97.69	1,351,014.16	1.43%	NR / NR	2.16
			2.67%	1,394,928.37	4.78%	4,148.80	(43,914.21)	AAA	1.81
3137BKRJ1	FHLMC K047 A2 3.329% Due 05/25/2025	700,000.00	05/19/2022	704,046.88	96.91	678,401.22	0.72%	NR / NR	2.40
			3.05%	703,209.59	4.71%	1,941.92	(24,808.37)	AAA	2.14
3137BNGT5	FHLMC K054 A2 2.745% Due 01/25/2026	1,000,000.00	10/29/2021	1,058,359.38	94.89	948,899.42	1.01%	NR / AAA	3.07
			1.10%	1,042,080.18	4.59%	2,287.50	(93,180.76)	NR	2.75
3137BQYS0	FHLMC K056 A2 2.525% Due 05/25/2026	570,000.00	01/31/2022	587,189.06	93.83	534,841.94	0.57%	NR / NR	3.40
			1.67%	583,502.52	4.56%	1,199.38	(48,660.58)	AAA	3.05

Holdings Report

As of December 31, 2022

City of Brea - Account #120

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
3137BXQY1	FHLMC K064 A2 3.224% Due 03/25/2027	1,000,000.00	05/06/2022 3.24%	997,929.69 998,206.91	95.29 4.48%	952,918.80 2,686.67	1.01% (45,288.11)	NR / AAA NR	4.23 3.72
TOTAL CMO		7,152,932.52	1.76%	7,408,805.82 7,312,393.18	4.77%	6,899,670.02 19,052.03	7.32% (412,723.16)	Aaa / AAA AAA	2.51 2.20
Corporate									
24422EVN6	John Deere Capital Corp Note 0.450% Due 01/17/2024	640,000.00	03/01/2021 0.47%	639,545.60 639,834.96	95.64 4.78%	612,094.54 1,312.00	0.65% (27,740.42)	A2 / A A	1.05 1.02
808513BN4	Charles Schwab Corp Callable Note Cont 2/18/2024 0.750% Due 03/18/2024	530,000.00	03/16/2021 0.77%	529,735.00 529,893.13	95.07 4.99%	503,860.41 1,137.29	0.53% (26,032.72)	A2 / A A	1.21 1.18
79466LAG9	Salesforce.com Inc Callable Note Cont 7/15/2022 0.625% Due 07/15/2024	935,000.00	Various 0.96%	927,000.65 930,278.81	93.84 4.83%	877,412.38 2,694.62	0.93% (52,866.43)	A2 / A+ NR	1.54 1.49
69371RQ25	Paccar Financial Corp Note 2.150% Due 08/15/2024	195,000.00	08/08/2019 2.20%	194,569.05 194,860.36	95.47 5.09%	186,168.28 1,583.83	0.20% (8,692.08)	A1 / A+ NR	1.62 1.55
78015K7C2	Royal Bank of Canada Note 2.250% Due 11/01/2024	1,100,000.00	Various 2.21%	1,102,086.00 1,100,809.87	95.37 4.92%	1,049,082.16 4,125.00	1.11% (51,727.71)	A1 / A AA-	1.84 1.76
14913Q3B3	Caterpillar Finl Service Note 2.150% Due 11/08/2024	1,100,000.00	01/28/2020 1.91%	1,111,770.00 1,104,568.97	95.45 4.74%	1,049,986.87 3,481.81	1.11% (54,582.10)	A2 / A A	1.86 1.78
89236TJT3	Toyota Motor Credit Corp Note 1.450% Due 01/13/2025	810,000.00	01/10/2022 1.50%	808,914.60 809,264.19	93.69 4.74%	758,911.45 5,481.00	0.81% (50,352.74)	A1 / A+ A+	2.04 1.95
90331HPL1	US Bank NA Callable Note Cont 12/21/2024 2.050% Due 01/21/2025	955,000.00	01/16/2020 2.10%	952,965.85 954,163.85	94.76 4.75%	904,966.84 8,701.11	0.97% (49,197.01)	A1 / AA- AA-	2.06 1.96
00440EAS6	Chubb INA Holdings Inc Note 3.150% Due 03/15/2025	1,250,000.00	03/04/2022 2.15%	1,286,200.00 1,276,386.94	96.63 4.78%	1,207,868.41 11,593.75	1.29% (68,518.53)	A3 / A A	2.21 2.08
69371RR73	Paccar Financial Corp Note 2.850% Due 04/07/2025	890,000.00	03/31/2022 2.86%	889,768.60 889,825.39	95.96 4.75%	854,028.76 5,918.50	0.91% (35,796.63)	A1 / A+ NR	2.27 2.14
78016EZ59	Royal Bank of Canada Note 3.375% Due 04/14/2025	475,000.00	04/07/2022 3.39%	474,824.25 474,866.26	96.70 4.91%	459,343.37 3,428.91	0.49% (15,522.89)	A1 / A AA-	2.29 2.15
06367WB85	Bank of Montreal Note 1.850% Due 05/01/2025	826,000.00	07/23/2021 0.85%	856,413.32 844,836.78	93.33 4.91%	770,928.66 2,546.83	0.82% (73,908.12)	A2 / A- AA-	2.33 2.23
14913R2V8	Caterpillar Financial Service Note 3.400% Due 05/13/2025	465,000.00	05/10/2022 3.44%	464,409.45 464,535.00	97.29 4.62%	452,388.43 2,108.00	0.48% (12,146.57)	A2 / A A	2.37 2.23
46647PCH7	JP Morgan Chase & Co Callable Note Cont 6/1/2024 0.824% Due 06/01/2025	985,000.00	05/24/2021 0.78%	986,279.75 985,603.68	93.23 5.28%	918,292.59 676.37	0.97% (67,311.09)	A1 / A- AA-	2.42 2.32

Holdings Report

As of December 31, 2022

City of Brea - Account #120

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
63743HFE7	National Rural Utilities Note 3.450% Due 06/15/2025	1,000,000.00	05/03/2022 3.62%	995,060.00 996,107.09	96.54 4.96%	965,364.44 1,533.33	1.02% (30,742.65)	A2 / A- A	2.46 2.31
46647PCK0	JP Morgan Chase & Co Callable Note Cont 6/23/2024 0.969% Due 06/23/2025	470,000.00	Various 0.95%	470,293.55 470,144.50	93.21 5.28%	438,107.33 101.21	0.46% (32,037.17)	A1 / A- AA-	2.48 2.38
89788MAA0	Truist Financial Corp Callable Note Cont 07/03/2025 1.200% Due 08/05/2025	650,000.00	02/03/2022 1.85%	635,726.00 639,398.06	91.52 4.71%	594,885.31 3,163.33	0.63% (44,512.75)	A3 / A- A	2.60 2.49
06406HCQ0	Bank of New York Callable Note Cont 10/18/2025 3.950% Due 11/18/2025	800,000.00	04/05/2022 3.20%	819,928.00 815,772.47	97.93 4.72%	783,438.62 3,774.44	0.83% (32,333.85)	A1 / A AA-	2.88 2.67
46647PBK1	JP Morgan Chase & Co Callable Note Cont 4/22/2025 2.083% Due 04/22/2026	312,000.00	05/20/2021 1.11%	323,646.96 318,862.66	92.78 5.44%	289,482.65 1,245.63	0.31% (29,380.01)	A1 / A- AA-	3.31 2.20
6174468Q5	Morgan Stanley Callable Note Cont 4/28/2025 2.188% Due 04/28/2026	500,000.00	05/18/2022 4.75%	472,305.00 476,654.60	93.00 5.43%	464,984.69 1,914.50	0.49% (11,669.91)	A1 / A- A+	3.33 2.21
023135BX3	Amazon.com Inc Callable Note Cont 4/12/2026 1.000% Due 05/12/2026	1,455,000.00	05/10/2021 1.09%	1,448,714.40 1,450,776.32	88.68 4.68%	1,290,253.29 1,980.42	1.37% (160,523.03)	A1 / AA AA-	3.36 3.23
91324PEC2	United Health Group Inc Callable Note Cont 4/15/2026 1.150% Due 05/15/2026	240,000.00	Various 1.08%	240,776.80 240,528.53	89.43 4.57%	214,639.66 352.67	0.23% (25,888.87)	A3 / A+ A	3.37 3.23
89236TJK2	Toyota Motor Credit Corp Note 1.125% Due 06/18/2026	995,000.00	06/15/2021 1.13%	994,562.20 994,696.94	88.46 4.78%	880,222.26 404.22	0.93% (114,474.68)	A1 / A+ A+	3.47 3.32
06051GJD2	Bank of America Corp Callable Note Cont 6/19/2025 1.319% Due 06/19/2026	950,000.00	Various 1.25%	952,508.00 951,557.90	90.23 5.45%	857,226.34 417.68	0.91% (94,331.56)	A2 / A- AA-	3.47 3.29
037833DN7	Apple Inc Callable Note Cont 7/11/2026 2.050% Due 09/11/2026	450,000.00	12/02/2021 1.49%	461,178.00 458,573.35	91.40 4.61%	411,310.08 2,818.75	0.44% (47,263.27)	Aaa / AA+ NR	3.70 3.47
06368FAC3	Bank of Montreal Note 1.250% Due 09/15/2026	500,000.00	09/13/2021 1.28%	499,395.00 499,551.72	87.49 4.99%	437,457.48 1,840.28	0.46% (62,094.24)	A2 / A- AA-	3.71 3.52
931142ER0	Wal-Mart Stores Callable Note Cont 08/17/2026 1.050% Due 09/17/2026	235,000.00	09/08/2021 1.09%	234,555.85 234,670.41	88.67 4.39%	208,364.06 712.83	0.22% (26,306.35)	Aa2 / AA AA	3.72 3.55
26442CAS3	Duke Energy Carolinas Callable Note Cont 9/1/2026 2.950% Due 12/01/2026	850,000.00	01/13/2022 1.81%	892,644.50 883,847.65	94.46 4.51%	802,882.11 2,089.58	0.85% (80,965.54)	Aa3 / A NR	3.92 3.63
87612EBM7	Target Corp Callable Note Cont 12/15/2026 1.950% Due 01/15/2027	535,000.00	01/19/2022 1.99%	534,090.50 534,261.69	90.91 4.43%	486,357.90 4,810.54	0.52% (47,903.79)	A2 / A A	4.04 3.77

Holdings Report

As of December 31, 2022

City of Brea - Account #120

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
808513BY0	Charles Schwab Corp Callable Note Cont 2/3/2027 2.450% Due 03/03/2027	750,000.00	03/09/2022 2.73%	740,115.00 741,724.44	91.31 4.77%	684,857.55 6,022.92	0.73% (56,866.89)	A2 / A A	4.17 3.86
084664CZ2	Berkshire Hathaway Callable Note Cont 2/15/2027 2.300% Due 03/15/2027	1,080,000.00	03/07/2022 2.30%	1,079,794.80 1,079,827.61	92.41 4.29%	998,004.22 7,314.00	1.06% (81,823.39)	Aa2 / AA A+	4.21 3.91
06051GHT9	Bank of America Corp Callable Note 1X 4/23/2026 3.559% Due 04/23/2027	900,000.00	Various 4.77%	871,903.80 874,301.85	93.80 5.63%	844,219.67 6,050.30	0.90% (30,082.18)	A2 / A- AA-	4.31 3.04
665859AW4	Northern Trust Company Callable Note Cont 4/10/2027 4.000% Due 05/10/2027	430,000.00	05/05/2022 4.04%	429,303.40 429,393.43	97.78 4.57%	420,435.48 2,436.67	0.45% (8,957.95)	A2 / A+ A+	4.36 3.93
91324PEG3	United Health Group Inc Callable Note Cont 4/15/2027 3.700% Due 05/15/2027	430,000.00	05/17/2022 3.69%	430,200.10 430,175.26	96.84 4.50%	416,396.31 2,032.94	0.44% (13,778.95)	A3 / A+ A	4.37 3.96
22160KAM7	Costco Wholesale Corp Callable Note Cont 2/18/2027 3.000% Due 05/18/2027	600,000.00	07/15/2022 3.53%	586,074.00 587,384.50	94.18 4.48%	565,070.62 2,150.00	0.60% (22,313.88)	Aa3 / A+ NR	4.38 4.02
89115A2C5	Toronto-Dominion Bank Note 4.108% Due 06/08/2027	1,100,000.00	08/26/2022 4.18%	1,096,315.00 1,096,577.16	96.62 4.97%	1,062,766.62 2,887.01	1.13% (33,810.54)	A1 / A NR	4.44 3.98
TOTAL Corporate		26,388,000.00	2.17%	26,433,572.98 26,404,516.33	4.84%	24,722,059.84 110,842.27	26.28% (1,682,456.49)	A1 / A A+	2.93 2.69
Money Market Fund									
316175884	Fidelity Institutional Money Market Fund 696	1,508,594.80	Various 3.88%	1,508,594.80 1,508,594.80	1.00 3.88%	1,508,594.80 0.00	1.60% 0.00	Aaa / AAA NR	0.00 0.00
TOTAL Money Market Fund		1,508,594.80	3.88%	1,508,594.80 1,508,594.80	3.88%	1,508,594.80 0.00	1.60% 0.00	Aaa / AAA NR	0.00 0.00
Municipal Bonds									
13063DRK6	California State Taxable GO 2.400% Due 10/01/2024	900,000.00	10/16/2019 1.91%	920,673.00 907,322.64	96.43 4.54%	867,879.00 5,400.00	0.92% (39,443.64)	Aa2 / AA- AA	1.75 1.68
TOTAL Municipal Bonds		900,000.00	1.91%	920,673.00 907,322.64	4.54%	867,879.00 5,400.00	0.92% (39,443.64)	Aa2 / AA- AA	1.75 1.68
Supranational									
459058JL8	Intl. Bank Recon & Development Note 0.500% Due 10/28/2025	945,000.00	Various 0.54%	943,389.35 944,064.35	89.92 4.33%	849,767.43 826.88	0.90% (94,296.92)	Aaa / AAA AAA	2.83 2.75

Holdings Report

As of December 31, 2022

City of Brea - Account #120

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
4581X0DV7	Inter-American Dev Bank Note 0.875% Due 04/20/2026	1,915,000.00	04/13/2021 0.97%	1,906,229.30 1,909,212.11	89.58 4.29%	1,715,380.40 3,304.70	1.82% (193,831.71)	Aaa / AAA AAA	3.30 3.19
TOTAL Supranational		2,860,000.00	0.83%	2,849,618.65 2,853,276.46	4.30%	2,565,147.83 4,131.58	2.72% (288,128.63)	Aaa / AAA AAA	3.15 3.04
US Treasury									
912828V23	US Treasury Note 2.250% Due 12/31/2023	930,000.00	06/21/2019 1.80%	948,273.05 934,028.70	97.55 4.78%	907,258.71 57.80	0.96% (26,769.99)	Aaa / AA+ AAA	1.00 0.97
912828B66	US Treasury Note 2.750% Due 02/15/2024	1,500,000.00	04/29/2019 2.31%	1,529,648.44 1,506,938.28	97.86 4.72%	1,467,891.00 15,580.84	1.57% (39,047.28)	Aaa / AA+ AAA	1.13 1.08
91282CBR1	US Treasury Note 0.250% Due 03/15/2024	950,000.00	03/30/2021 0.33%	947,699.22 949,064.78	94.84 4.71%	900,978.10 708.56	0.95% (48,086.68)	Aaa / AA+ AAA	1.21 1.17
912828X70	US Treasury Note 2.000% Due 04/30/2024	1,000,000.00	06/10/2019 1.92%	1,003,515.63 1,000,955.23	96.52 4.73%	965,156.00 3,425.41	1.02% (35,799.23)	Aaa / AA+ AAA	1.33 1.29
912828XX3	US Treasury Note 2.000% Due 06/30/2024	1,450,000.00	12/12/2019 1.74%	1,466,595.70 1,455,455.30	96.21 4.64%	1,395,058.05 80.11	1.48% (60,397.25)	Aaa / AA+ AAA	1.50 1.45
912828D56	US Treasury Note 2.375% Due 08/15/2024	1,500,000.00	03/05/2020 0.68%	1,611,093.75 1,540,522.18	96.52 4.62%	1,447,851.00 13,456.18	1.55% (92,671.18)	Aaa / AA+ AAA	1.62 1.55
9128283D0	US Treasury Note 2.250% Due 10/31/2024	1,500,000.00	11/07/2019 1.77%	1,533,925.78 1,512,477.38	96.10 4.49%	1,441,465.50 5,780.39	1.53% (71,011.88)	Aaa / AA+ AAA	1.84 1.76
912828ZC7	US Treasury Note 1.125% Due 02/28/2025	2,000,000.00	03/18/2020 0.81%	2,030,859.38 2,013,474.29	93.42 4.35%	1,868,360.00 7,645.03	1.99% (145,114.29)	Aaa / AA+ AAA	2.16 2.09
91282CED9	US Treasury Note 1.750% Due 03/15/2025	2,150,000.00	04/05/2022 2.65%	2,095,662.11 2,109,284.56	94.56 4.36%	2,033,093.75 11,225.14	2.16% (76,190.81)	Aaa / AA+ AAA	2.21 2.11
91282CEQ0	US Treasury Note 2.750% Due 05/15/2025	500,000.00	06/06/2022 2.91%	497,695.31 498,142.07	96.50 4.32%	482,500.00 1,785.22	0.51% (15,642.07)	Aaa / AA+ AAA	2.37 2.26
91282CAM3	US Treasury Note 0.250% Due 09/30/2025	1,900,000.00	02/19/2021 0.51%	1,877,363.28 1,886,493.38	89.88 4.19%	1,707,699.10 1,213.60	1.81% (178,794.28)	Aaa / AA+ AAA	2.75 2.68
91282CAT8	US Treasury Note 0.250% Due 10/31/2025	1,900,000.00	02/11/2021 0.42%	1,885,156.25 1,891,086.85	89.51 4.22%	1,700,648.20 813.54	1.80% (190,438.65)	Aaa / AA+ AAA	2.84 2.76
91282CAZ4	US Treasury Note 0.375% Due 11/30/2025	1,350,000.00	03/26/2021 0.77%	1,325,794.92 1,334,912.59	89.54 4.23%	1,208,725.20 445.05	1.28% (126,187.39)	Aaa / AA+ AAA	2.92 2.84
91282CCW9	US Treasury Note 0.750% Due 08/31/2026	480,000.00	09/17/2021 0.86%	477,393.75 478,069.12	88.66 4.12%	425,587.68 1,223.20	0.45% (52,481.44)	Aaa / AA+ AAA	3.67 3.53
91282CCZ2	US Treasury Note 0.875% Due 09/30/2026	2,820,000.00	Various 1.08%	2,791,946.88 2,798,809.42	88.91 4.10%	2,507,377.62 6,304.32	2.66% (291,431.80)	Aaa / AA+ AAA	3.75 3.61

Holdings Report

As of December 31, 2022

City of Brea - Account #120

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
91282CEW7	US Treasury Note 3.250% Due 06/30/2027	2,250,000.00	Various 3.12%	2,263,417.97 2,262,173.10	96.84 4.02%	2,178,895.50 202.00	2.31% (83,277.60)	Aaa / AA+ AAA	4.50 4.13
91282CFB2	US Treasury Note 2.750% Due 07/31/2027	600,000.00	08/22/2022 3.12%	589,828.13 590,567.18	94.76 4.01%	568,570.20 6,904.89	0.61% (21,996.98)	Aaa / AA+ AAA	4.58 4.19
91282CFH9	US Treasury Note 3.125% Due 08/31/2027	1,950,000.00	Various 3.41%	1,925,095.70 1,926,599.34	96.34 3.99%	1,878,550.05 20,705.29	2.01% (48,049.29)	Aaa / AA+ AAA	4.67 4.24
TOTAL US Treasury		26,730,000.00	1.65%	26,800,965.25 26,689,053.75	4.34%	25,085,665.66 97,556.57	26.65% (1,603,388.09)	Aaa / AA+ AAA	2.67 2.53
TOTAL PORTFOLIO		99,841,133.57	1.62%	100,427,733.60 100,022,579.76	4.61%	94,179,246.06 323,794.67	100.00% (5,843,333.70)	Aa2 / AA AAA	2.45 2.17
TOTAL MARKET VALUE PLUS ACCRUALS						94,503,040.73			

Holdings Report

As of December 31, 2022

City of Brea LAIF - Account #10164

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
LAIF									
90LAIF\$00	Local Agency Investment Fund State Pool	3,435,974.27	Various 2.23%	3,435,974.27 3,435,974.27	1.00 2.23%	3,435,974.27 14,164.41	100.00% 0.00	NR / NR NR	0.00 0.00
TOTAL LAIF		3,435,974.27	2.23%	3,435,974.27	2.23%	3,435,974.27 14,164.41	100.00% 0.00	NR / NR NR	0.00 0.00
TOTAL PORTFOLIO		3,435,974.27	2.23%	3,435,974.27	2.23%	3,435,974.27 14,164.41	100.00% 0.00	NR / NR NR	0.00 0.00
TOTAL MARKET VALUE PLUS ACCRUALS						3,450,138.68			

Holdings Report

As of December 31, 2022

Successor Agency to the Brea RDA LAIF - Account #10166

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
LAIF									
90LAIF\$00	Local Agency Investment Fund State Pool	19,107.05	Various 2.23%	19,107.05 19,107.05	1.00 2.23%	19,107.05 95.66	100.00% 0.00	NR / NR NR	0.00 0.00
TOTAL LAIF		19,107.05	2.23%	19,107.05 19,107.05	2.23%	19,107.05 95.66	100.00% 0.00	NR / NR NR	0.00 0.00
TOTAL PORTFOLIO		19,107.05	2.23%	19,107.05 19,107.05	2.23%	19,107.05 95.66	100.00% 0.00	NR / NR NR	0.00 0.00
TOTAL MARKET VALUE PLUS ACCRUALS						19,202.71			

Holdings Report

As of December 31, 2022

Brea CFD 2008 2 17 Reserve Fund - Account #10600

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
Money Market Fund									
825252109	Invesco Treasury MMFD Private Class	118,388.93	Various 3.90%	118,388.93 118,388.93	1.00 3.90%	118,388.93 0.00	18.16% 0.00	Aaa / AAA AAA	0.00 0.00
TOTAL Money Market Fund		118,388.93	3.90%	118,388.93 118,388.93	3.90%	118,388.93 0.00	18.16% 0.00	Aaa / AAA AAA	0.00 0.00
US Treasury									
9128284D9	US Treasury Note 2.500% Due 03/31/2023	110,000.00	06/13/2018 2.84%	108,345.70 109,915.92	99.53 4.39%	109,484.10 702.61	16.91% (431.82)	Aaa / AA+ AAA	0.25 0.24
912828WJ5	US Treasury Note 2.500% Due 05/15/2024	110,000.00	06/18/2019 1.84%	113,381.64 110,943.54	97.10 4.71%	106,807.47 357.04	16.44% (4,136.07)	Aaa / AA+ AAA	1.37 1.32
912828G38	US Treasury Note 2.250% Due 11/15/2024	40,000.00	03/15/2022 2.01%	40,251.56 40,176.48	96.09 4.45%	38,437.52 116.85	5.92% (1,738.96)	Aaa / AA+ AAA	1.88 1.80
91282CBC4	US Treasury Note 0.375% Due 12/31/2025	115,000.00	12/30/2020 0.38%	114,986.52 114,991.92	89.46 4.15%	102,880.04 1.19	15.79% (12,111.88)	Aaa / AA+ AAA	3.00 2.92
91282CBH3	US Treasury Note 0.375% Due 01/31/2026	60,000.00	01/19/2022 1.53%	57,309.38 57,941.82	89.06 4.19%	53,435.16 94.16	8.21% (4,506.66)	Aaa / AA+ AAA	3.09 3.00
912828R36	US Treasury Note 1.625% Due 05/15/2026	55,000.00	01/19/2022 1.56%	55,154.69 55,120.73	92.14 4.14%	50,679.48 116.04	7.79% (4,441.25)	Aaa / AA+ AAA	3.37 3.22
912828X88	US Treasury Note 2.375% Due 05/15/2027	75,000.00	06/28/2022 3.30%	71,906.25 72,229.35	93.38 4.04%	70,031.25 231.27	10.78% (2,198.10)	Aaa / AA+ AAA	4.37 4.08
TOTAL US Treasury		565,000.00	1.88%	561,335.74 561,319.76	4.32%	531,755.02 1,619.16	81.84% (29,564.74)	Aaa / AA+ AAA	2.25 2.15
TOTAL PORTFOLIO		683,388.93	2.23%	679,724.67 679,708.69	4.24%	650,143.95 1,619.16	100.00% (29,564.74)	Aaa / AA+ AAA	1.84 1.76
TOTAL MARKET VALUE PLUS ACCRUALS						651,763.11			



Section 4 | Transactions

Transaction Ledger

As of December 31, 2022

City of Brea - Account #120

September 30, 2022 through December 31, 2022

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Purchase	10/19/2022	47800BAC2	540,000.00	John Deere Owner Trust 2022-C A3 5.09% Due: 06/15/2027	99.992	5.15%	539,958.10	0.00	539,958.10	0.00
Subtotal			540,000.00				539,958.10	0.00	539,958.10	0.00
TOTAL ACQUISITIONS			540,000.00				539,958.10	0.00	539,958.10	0.00
DISPOSITIONS										
Sale	10/19/2022	3137EAER6	50,000.00	FHLMC Note 0.375% Due: 05/05/2023	97.813	0.39%	48,906.50	85.42	48,991.92	-1,089.70
Sale	10/19/2022	89236TJD8	275,000.00	Toyota Motor Credit Corp Note 0.4% Due: 04/06/2023	98.222	0.44%	270,110.50	39.72	270,150.22	-4,837.72
Subtotal			325,000.00				319,017.00	125.14	319,142.14	-5,927.42
TOTAL DISPOSITIONS			325,000.00				319,017.00	125.14	319,142.14	-5,927.42

Important Disclosures

As of December 31, 2022

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Information contained herein is confidential. Prices are provided by ICE Data Services Inc ("IDS"), an independent pricing source. In the event IDS does not provide a price or if the price provided is not reflective of fair market value, Chandler will obtain pricing from an alternative approved third party pricing source in accordance with our written valuation policy and procedures. Our valuation procedures are also disclosed in Item 5 of our Form ADV Part 2A.

Performance results are presented gross-of-advisory fees and represent the client's Total Return. The deduction of advisory fees lowers performance results. These results include the reinvestment of dividends and other earnings. Past performance may not be indicative of future results. Therefore, clients should not assume that future performance of any specific investment or investment strategy will be profitable or equal to past performance levels. All investment strategies have the potential for profit or loss. Economic factors, market conditions or changes in investment strategies, contributions or withdrawals may materially alter the performance and results of your portfolio.

Index returns assume reinvestment of all distributions. Historical performance results for investment indexes generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment management fee, the incurrence of which would have the effect of decreasing historical performance results. It is not possible to invest directly in an index.

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Fixed income investments are subject to interest, credit and market risk. Interest rate risk: the value of fixed income investments will decline as interest rates rise. Credit risk: the possibility that the borrower may not be able to repay interest and principal. Low rated bonds generally have to pay higher interest rates to attract investors willing to take on greater risk. Market risk: the bond market in general could decline due to economic conditions, especially during periods of rising interest rates.

Ratings information have been provided by Moody's, S&P and Fitch through data feeds we believe to be reliable as of the date of this statement, however we cannot guarantee its accuracy.

Security level ratings for U.S. Agency issued mortgage-backed securities ("MBS") reflect the issuer rating because the securities themselves are not rated. The issuing U.S. Agency guarantees the full and timely payment of both principal and interest and carries a AA+/Aaa/AAA by S&P, Moody's and Fitch respectively.

ICE BofA 3-Month US Treasury Bill Index

The ICE BofA US 3-Month Treasury Bill Index is comprised of a single issue purchased at the beginning of the month and held for a full month. At the end of the month that issue is sold and rolled into a newly selected issue. The issue selected at each month-end rebalancing is the outstanding Treasury Bill that matures closest to, but not beyond, three months from the rebalancing date.

0-3 Yr Treasury*

*The ICE BofA Blended 0-3 Year US Treasury Index is a static, internally maintained benchmark comprised of US dollar denominated sovereign debt publicly issued by the US government in its domestic market. Effective 1/1/2001, it consists of the following indices: (30%) ICE BofA US 3-Month Treasury Bill Index, (30%) ICE BofA US 6-Month Treasury Bill Index, (40%) ICE BofA 1-3 Year US Treasury Index. Qualifying securities will include 3 and 6-month Treasury Bills and US Treasury securities that must have at least one year remaining term to final maturity and less than three years remaining term to final maturity, a fixed coupon schedule, and a minimum amount outstanding of \$1 billion. Qualifying securities must have at least 18 months to final maturity at the time of issuance. *Prior to 1/1/2001 it consisted of (100%) ICE BofA US 1-Year Treasury Bill Index, GOO3.*

ICE BofA 3-5 Yr US Treasury & Agency Index

The ICE BofA 3-5 Year US Treasury & Agency Index tracks the performance of US dollar denominated US Treasury and nonsubordinated US agency debt issued in the US domestic market. Qualifying securities must have an investment grade rating (based on an average of Moody's, S&P and Fitch). Qualifying securities must have at least three years remaining term to final maturity and less than five years remaining term to final maturity, at least three years to maturity at time of issuance, a fixed coupon schedule, and a minimum amount outstanding of \$1 billion for sovereigns and \$250 million for agencies.

ICE BofA 1-5 Yr AAA-A US Corp & Govt Index

The ICE BofA US 1-5 Year AAA-A US Corporate & Government Index tracks the performance of US dollar denominated investment grade debt publicly issued in the US domestic market, including US Treasury, US agency, foreign government, supranational, and corporate securities. Qualifying securities must be issued from US issuers and be rated AAA through A3 (based on an average of Moody's, S&P and Fitch). In addition, qualifying securities must have at least one year remaining term to final maturity and less than five years remaining term to final maturity, at least 18 months to final maturity at point of issuance, a fixed coupon schedule, and a minimum amount outstanding of \$1 billion for US Treasuries and \$250 million for all other securities.

ICE BofA 1-5 Yr US Treasury & Agency Index*

The ICE BofA 1-5 Year US Treasury & Agency Index tracks the performance of US dollar denominated US Treasury and nonsubordinated US agency debt issued in the US domestic market. Qualifying securities must have an investment grade rating (based on an average of Moody's, S&P and Fitch). Qualifying securities must have at least one year remaining term to final maturity and less than five years remaining term to final maturity, at least 18 months to maturity at time of issuance, a fixed coupon schedule, and a minimum amount outstanding of \$1 billion for sovereigns and \$250 million for agencies.

The ICE BofA US 1-Year Treasury Bill Index is comprised of a single issue purchased at the beginning of the month and held for a full month. At the end of the month that issue is sold and rolled into a newly selected issue. The issue selected at each month-end rebalancing is the outstanding Treasury Bill that matures closest to, but not beyond, twelve months from the rebalancing date.

City of Brea

INVESTMENT ADVISORY COMMITTEE COMMUNICATION

TO: Honorable Chair and Committee Members

FROM: Bill Gallardo, City Manager

DATE: 01/23/2023

SUBJECT: Review of PARS Pension Rate Stabilization Program Investment Report for
Period Ended December 31, 2022

RESPECTFULLY SUBMITTED

William Gallardo, City Manager

Prepared by: PARS and HighMark Capital Management

Attachments

Report



PUBLIC
AGENCY
RETIREMENT
SERVICES

PARS

TRUSTED SOLUTIONS. LASTING RESULTS.

CITY OF BREA

Pension Rate Stabilization Program (PRSP) Client Review
January 23, 2023

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PARS 115 TRUST TEAM

Trust Administrator & Consultant



- Serves as record-keeper, consultant, and central point of contact
- Sub-trust accounting
- Coordinates all agency services
- Monitors plan compliance (IRS/GASB/State Government Code)
- Processes contributions/disbursements
- Hands-on, dedicated support teams

39

Years of Experience
(1984-2023)

2,000+

Plans under
Administration

1,000+

Public Agency
Clients

490+

115 Trust Clients

500K+

Plan Participants

\$6.5B

Assets under
Administration

Trustee



- 5th largest commercial bank and one of the nation's largest trustees for Section 115 trusts
- Safeguard plan assets
- Oversight protection as plan fiduciary
- Custodian of assets

160

Years of Experience
(1863-2023)

\$9.0T

Assets under Trust
Custody



- Investment sub-advisor to trustee U.S. Bank
- Investment policy assistance
- Uses open architecture
- Active and passive platform options
- Customized portfolios (with minimum asset level)

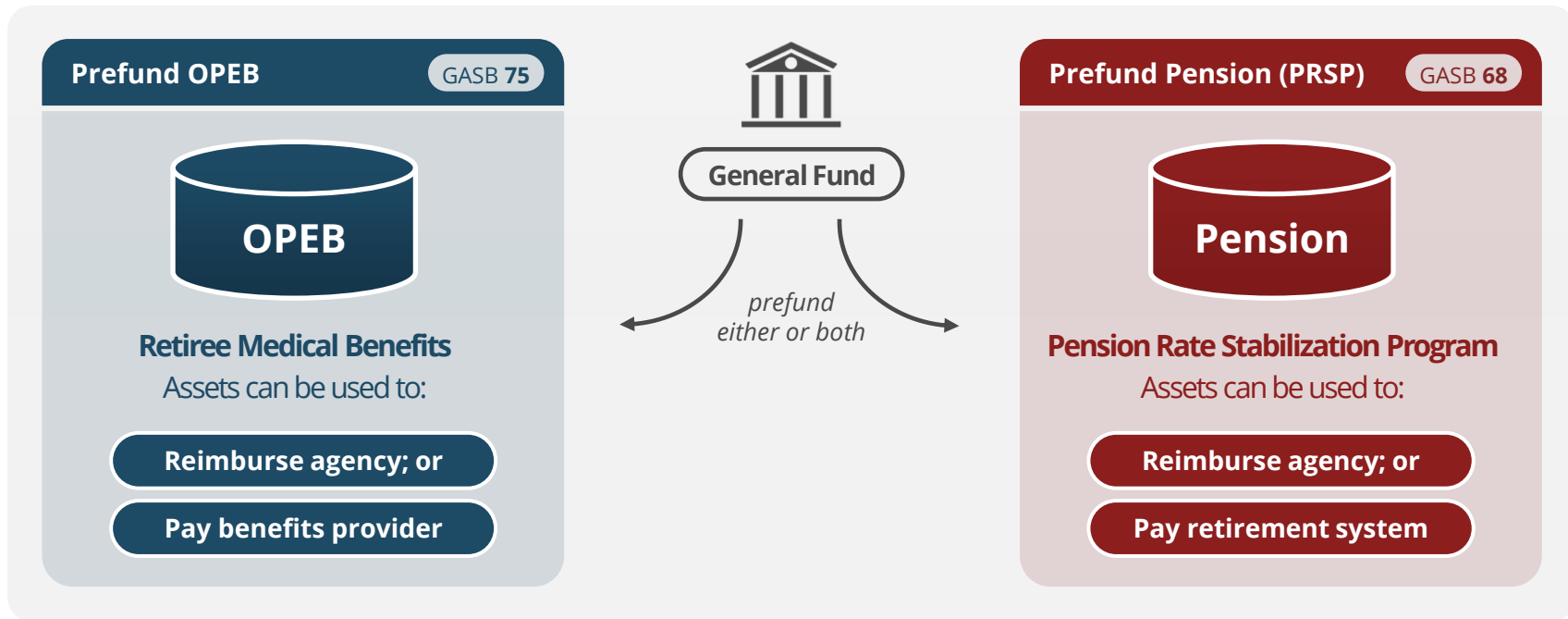
104

Years of Experience
(1919-2023)

\$17.4B

Assets under
Management &
Advisement

PARS PRSP STRUCTURE & BENEFITS



Subaccounts

OPEB and pension assets are individually sub-accounted, and can be divided by dept., bargaining group, or cost center



Financial Stability

Assets in the PARS Section 115 Combination Trust can be used to address unfunded liabilities.



Flexible Investing

Allows separate investment strategies for OPEB and pension subaccounts.



Anytime Access

Trust funds are available anytime; OPEB for OPEB and pension for pension.



Economies-of-Scale

OPEB and pension assets aggregate and reach lower fees on tiered schedule sooner – saving money!



No Set Up Cost or Minimums

No set-up costs, no minimum annual contribution amounts, and no fees until assets are added.

SUMMARY OF AGENCY'S PRSP PLAN

Type of Plan:	IRC Section 115 Irrevocable Exclusive Benefit Trust
Trustee Approach:	Discretionary
Plan Effective Date:	November 17, 2015
Plan Administrator:	Bill Gallardo - City Manager
Current Investment Strategy:	Balanced HighMark PLUS (Active) – Individual Acct
Initial Contribution:	February 19, 2016 – \$2,000,000
Additional Contributions:	April 22, 2016 - \$2,000,000 June 17, 2016 - \$2,000,000 June 25, 2019 – \$756,800
Net Earnings:	\$2,852,763

PARS Plan: City of Brea

January 2023

**Presented by
Keith Stribling, CFA**

DISCUSSION HIGHLIGHTS – City of Brea

Investment objective – Balanced

Asset Allocation: PARS/Balanced (As of 12/31/2022)

- Allocation Target – 56.21% stocks (50-70% range), 38.06% bonds (30-50% range), 5.74% cash (0-20% range)
- Large cap 31%, Mid-cap 5.64%, Small cap 8.50%, International 8.54%; REIT 2.06%

Performance: City of Brea

(as of 12/31/2022) gross of investment management fees, net of fund fees

- 3 Months: 5.55%
- 6 Months: 1.18%
- 1 Year (YTD): -14.03%
- 3 Years: 2.72%
- 5 years: 4.26%
- ITD (2/1/2016): 6.65%

Asset Allocation:

- Recently lowered equities
- Favoring value style over growth
- underweight high yield
- Neutral duration fixed income

Economic Review

- Aggressive fiscal policy stoking inflation
- Monetary policy – Fed tightening to curb inflation and moving from QE to QT
- Unprecedented Rate hikes in 2022 should slow both inflation and economic growth in 2023
- China abandons zero covid without an effective vaccine and cases skyrocket risking more lockdowns while moving toward herd immunity
- Entire yield curve becomes inverted...implying recession is forthcoming
- Risks: Inflation...Fed goes too far; Russian aggression with Ukraine & NATO; China

PARS/ CITY OF BREA PRSP (**050800)**
Performance Report

As of: December 31, 2022



	3 Months	6 Months	Year to Date (1 Year)	3 Years	5 Years	Inception to Date 02/01/2016
Cash Equivalents	.86	1.33	1.48	.62	1.13	.95
Lipper Money Market Funds Index	.87	1.37	1.51	.63	1.10	.91
Total Fixed Income	2.29	-.44	-8.62	-1.34	.63	
Bloomberg US Aggregate Bd Index (USD)	1.87	-2.97	-13.01	-2.71	.02	.70
Total Equities	8.54	2.69	-17.95	4.89	6.32	10.55
Large Cap Funds	6.78	1.65	-19.64	6.99	8.50	12.14
S&P 500 Composite Index	7.56	2.31	-18.11	7.66	9.42	12.45
Mid Cap Funds	9.15	5.50	-17.38	5.74	6.96	10.51
Russell Midcap Index	9.18	5.43	-17.32	5.88	7.10	10.81
Small Cap Funds	8.55	5.02	-14.94	4.30	6.44	11.03
Russell 2000 Index (USD)	6.23	3.91	-20.44	3.10	4.13	9.44
International Equities	14.31	2.23	-15.96	.16	.97	6.55
MSCI EAFE Index (Net)	17.34	6.36	-14.45	.87	1.54	5.72
MSCI EM Free Index (Net USD)	9.70	-2.99	-20.09	-2.69	-1.40	6.26
Real Estate - ETFs / Sctr Fds	4.43	-6.85	-25.63	-.03	3.85	
Wilshire REIT Index	4.05	-6.60	-26.81	-.49	3.35	4.68
Total Managed Portfolio	5.55	1.18	-14.03	2.72	4.26	6.65

Returns are gross of fees not including account level advisory fees unless otherwise stated. Gross returns are presented before management and custodial fees but after all trading expenses, embedded and reflect the reinvestment of dividends and other income. Net returns are net of investment management fees in effect for the respective time period. Returns for periods over one year are annualized. An investor cannot invest directly in unmanaged indices. The information presented has been obtained from sources believed to be accurate and reliable. Past performance is not indicative of future returns. Securities are not FDIC insured have no bank guarantee and may lose value.

ASSET ALLOCATION- City of Brea

Current Asset Allocation		Investment Vehicle		
Equity	56.21%	Range: 50%-70%		\$ 5,379,187.14
Large Cap Core	5.86%	COFYX	Columbia Contrarian Core Cl Y	\$ 561,090.37
	11.12%	VGIAX	Vanguard Gro & Inc Admiral Shares	\$ 1,064,305.83
Large Cap Value	5.34%	DODGX	Dodge & Cox Stock Fund	\$ 510,731.39
	2.47%	IVE	iShares S&P 500 Value ETF	\$ 236,754.24
Large Cap Growth	3.33%	HNACX	Harbor CP Appre Rtrmt Cl	\$ 319,091.09
	3.34%	PRUFX	T. Rowe Price Growth Stock Fund	\$ 319,637.57
Mid Cap Growth	5.64%	IWR	iShares Russell Mid Cap ETF	\$ 540,139.60
Small Cap Value	4.21%	UBVFX	Undiscovered Mgrs Behavrl R6	\$ 403,274.11
Small Cap Growth	4.29%	VBK	Vanguard Small Cap Gr Vipers	\$ 410,304.84
International Core	3.28%	DFALX	DFA Large Cap International Port	\$ 313,444.99
International Value	0.92%	DODFX	Dodge & Cox International Stock Fund	\$ 88,337.61
International Growth	0.92%	MGRDX	MFS International Growth Fund	\$ 88,079.27
Emerging Markets	3.42%	HHHFX	Hartford Schrodr Mkts Eq	\$ 327,281.43
REIT	2.06%	VNQ	Vngrd Index Tr Reit Viper Shs	\$ 196,714.80
Fixed Income	38.06%	Range: 30%-50%		\$ 3,642,379.44
Individual Fixed Income	29.83%		Corporate Bonds	\$ 2,854,884.25
Short Term	7.37%	VFSUX	Vanguard Short-Term Corp Adm Fund	\$ 705,763.97
High Yield	0.85%	PHIYX	PIMCO High Yield	\$ 81,731.22
Cash	5.74%	Range: 0%-20%		\$ 548,883.70
	5.74%	FGZXX	First American Govt Obligations Fund Cl Z	\$ 548,883.70
TOTAL	100.00%			\$ 9,570,450.28

ASSET ALLOCATION- City of Brea

Current Asset Allocation		Weight	Ticker	Investment Vehicle		Market Value
Fixed Income		38.06%		Range: 30%-50%		\$2,854,884.25
1-3 yrs	8.66%					
	AA+	1.56%	AAPL	APPLE INC	2.850% 2/23/23	\$ 149,587.50
	A-	0.78%	JPM	JPMORGAN CHASE & CO	2.700% 5/18/23	\$ 74,367.00
	A-	1.03%	PNC	PNC FINL SVCS GROUP	3.500% 1/23/24	\$ 98,517.00
	BBB+	0.50%	HBAN	HUNTINGTON BANCShar	2.625% 8/06/24	\$ 47,990.50
	BBB+	1.01%	WFC	WELLS FARGO NTS	3.300% 9/09/24	\$ 97,047.00
	AA-	1.00%	XOM	EXXON MOBIL SR NT	2.709% 3/06/25	\$ 95,621.00
	A+	0.75%	PEP	PEPSICO INC NT	2.750% 4/30/25	\$ 71,714.25
	BBB+	1.01%	SYK	STRYKER CORP NT	3.375% 11/01/25	\$ 96,622.00
	BBB+	1.02%	ICE	INTERCONTINENTALEX	3.750% 12/01/25	\$ 97,410.00
3-5 yrs	15.34%					
	A	0.98%	KMB	KIMBERLY CLARK CRP N	2.750% 2/15/26	\$ 94,223.00
	AA-	1.45%	NKE	NIKE INC NT	2.375% 11/01/26	\$ 138,334.50
	BBB	1.53%	T	AT&T INC SR GLBL NT	4.250% 3/01/27	\$ 145,954.50
	BBB+	1.39%	KEY	KEYCORP MEDIUM TERM	2.250% 4/06/27	\$ 132,772.50
	BBB+	1.41%	FITB	FIFTH THIRD BANCORP	2.550% 5/05/27	\$ 134,668.50
	BBB	1.95%	COF	CAPITAL ONE NTS	3.800% 1/31/28	\$ 186,934.00
	BBB	0.73%	SRE	SEMPRA ENERGY	3.400% 2/01/28	\$ 69,607.50
	A	1.96%	BK	BANK NEW YORK MEL F/R	3.442% 2/07/28	\$ 187,156.00
	BBB+	1.94%	GS	GOLDMAN SACHS BDS	3.691% 6/05/28	\$ 185,826.00
	A-	2.02%	CI	CIGNA CORP NEW	4.375% 10/15/28	\$ 192,886.00
5-7 yrs	5.83%					
	A+	0.90%	SHEL	SHELL INTERNATIONAL	2.375% 11/07/29	\$ 86,425.00
	BBB+	0.91%	ENB	ENBRIDGE INC SR GLBL	3.125% 11/15/29	\$ 87,186.00
	BBB+	0.86%	HBAN	HUNTINGTON BANCShare	2.550% 2/04/30	\$ 82,255.00
	A-	1.76%	AMGN	AMGEN INC	2.450% 2/21/30	\$ 168,288.00
	A-	0.90%	BAC	BANK OF AMERICA CORP	3.194% 7/23/30	\$ 86,008.00
		0.50%	CVS	CVS HEALTH CO BDS	4.875% 7/20/35	\$ 47,483.50
		8.23%				787,495
Short-Term		7.37%	VFSUX	Vanguard Short-Term Corp Adm Fund		\$ 705,763.97
High Yield		0.85%	PHIYX	PIMCO High Yield		\$ 81,731.22
Cash		5.74%		Range: 0%-20%		\$ 548,883.70
		5.74%	FGZXX	FIRST AMERN GOVT OBLIG FD CL Z		\$ 548,883.70
TOTAL	38%	100.00%				\$9,570,450.28

City of Brea

For Period Ending December 31, 2022

LARGE CAP EQUITY FUNDS							
Fund Name	1-Month Return	3-Month Return	Year-to- Date	1-Year Return	3-Year Return	5-Year Return	10-Year Return
Columbia Contrarian Core Inst3	-6.17	6.41	-18.45	-18.45	7.51	8.56	12.26
Vanguard Growth & Income Adm	-6.13	7.21	-17.11	-17.11	8.11	9.36	12.60
Dodge & Cox Stock I	-4.61	12.99	-7.22	-7.22	9.41	8.72	12.44
iShares S&P 500 Value ETF	-3.93	13.55	-5.41	-5.41	6.09	7.41	10.67
Harbor Capital Appreciation Retirement	-8.67	-1.46	-37.67	-37.67	3.69	8.05	12.84
T. Rowe Price Growth Stock I	-8.79	-2.23	-40.05	-40.05	-0.41	5.10	11.35
S&P 500 TR USD	-5.76	7.56	-18.11	-18.11	7.66	9.42	12.56
MID CAP EQUITY FUNDS							
iShares Russell Mid-Cap ETF	-5.42	9.14	-17.43	-17.43	5.71	6.95	10.78
SMALL CAP EQUITY FUNDS							
Undiscovered Managers Behavioral Val R6	-3.86	13.77	-1.10	-1.10	11.29	7.59	11.57
Vanguard Small-Cap Growth ETF	-6.30	3.02	-28.40	-28.40	0.80	5.10	9.27
Russell 2000 TR USD	-6.49	6.23	-20.44	-20.44	3.10	4.13	9.01
INTERNATIONAL EQUITY FUNDS							
Dodge & Cox International Stock I	-1.69	16.01	-6.78	-6.78	1.85	1.25	4.81
DFA Large Cap International I	-2.05	17.21	-13.03	-13.03	1.99	2.14	4.79
MFS International Growth R6	-3.45	14.24	-15.02	-15.02	2.57	4.62	6.38
MSCI EAFE NR USD	0.08	17.34	-14.45	-14.45	0.87	1.54	4.67
Hartford Schroders Emerging Mkts Eq F	-2.62	10.50	-22.14	-22.14	-2.87	-1.06	1.85
MSCI EM NR USD	-1.41	9.70	-20.09	-20.09	-2.69	-1.40	1.44
REAL ESTATE FUNDS							
Fund Name	1-Month Return	3-Month Return	Year-to- Date	1-Year Return	3-Year Return	5-Year Return	10-Year Return
Vanguard Real Estate ETF	-5.08	4.32	-26.20	-26.20	-0.43	3.66	6.41
BOND FUNDS							
DoubleLine Core Fixed Income I	-0.36	1.17	-12.76	-12.76	-2.80	-0.17	1.39
PGIM Total Return Bond R6	-0.30	2.31	-14.86	-14.86	-3.10	0.09	1.80
PIMCO Total Return Instl	-0.31	1.77	-14.09	-14.09	-2.48	0.03	1.11
Vanguard Short-Term Investment-Grade Adm	0.11	1.72	-5.75	-5.75	-0.38	1.10	1.45
Bloomberg US Agg Bond TR USD	-0.45	1.87	-13.01	-13.01	-2.71	0.02	1.06
PIMCO High Yield Instl	-0.86	4.19	-10.78	-10.78	-0.75	1.85	3.55
ICE BofA US High Yield Mstr II Index	-0.75	3.98	-11.22	-11.22	-0.23	2.12	3.98

Source: SEI Investments, Morningstar Investments

Returns less than one year are not annualized. Past performance is no indication of future results. The information presented has been obtained from sources believed to be accurate and reliable. Securities are not FDIC insured, have no bank guarantee and may lose value.