

Quarterly Investment Report for Period Ended March 31, 2021



City of Cape Coral Investment Review

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City of Cape Coral Investment Review

Investment Management Portfolio Review

Economic Summary

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Economic Update and Portfolio Strategy Review

John F Grady – Investment Advisor

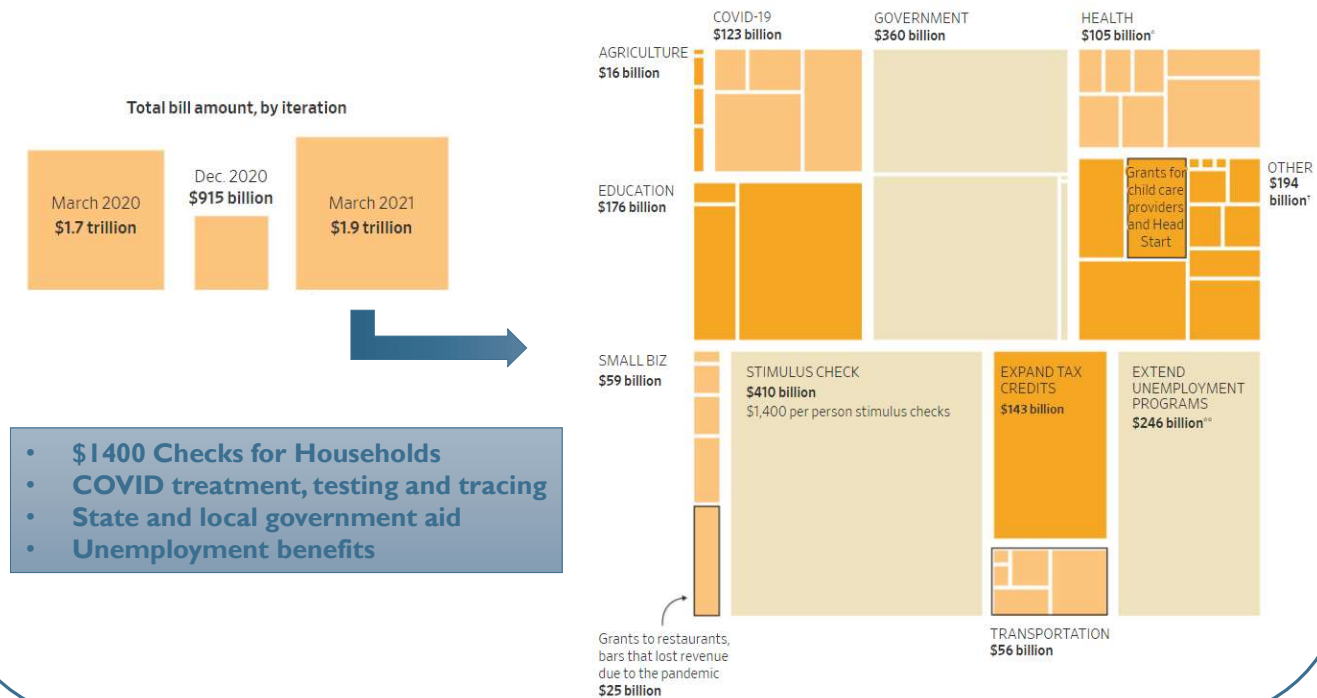
May 17, 2021

Economic & Market Update

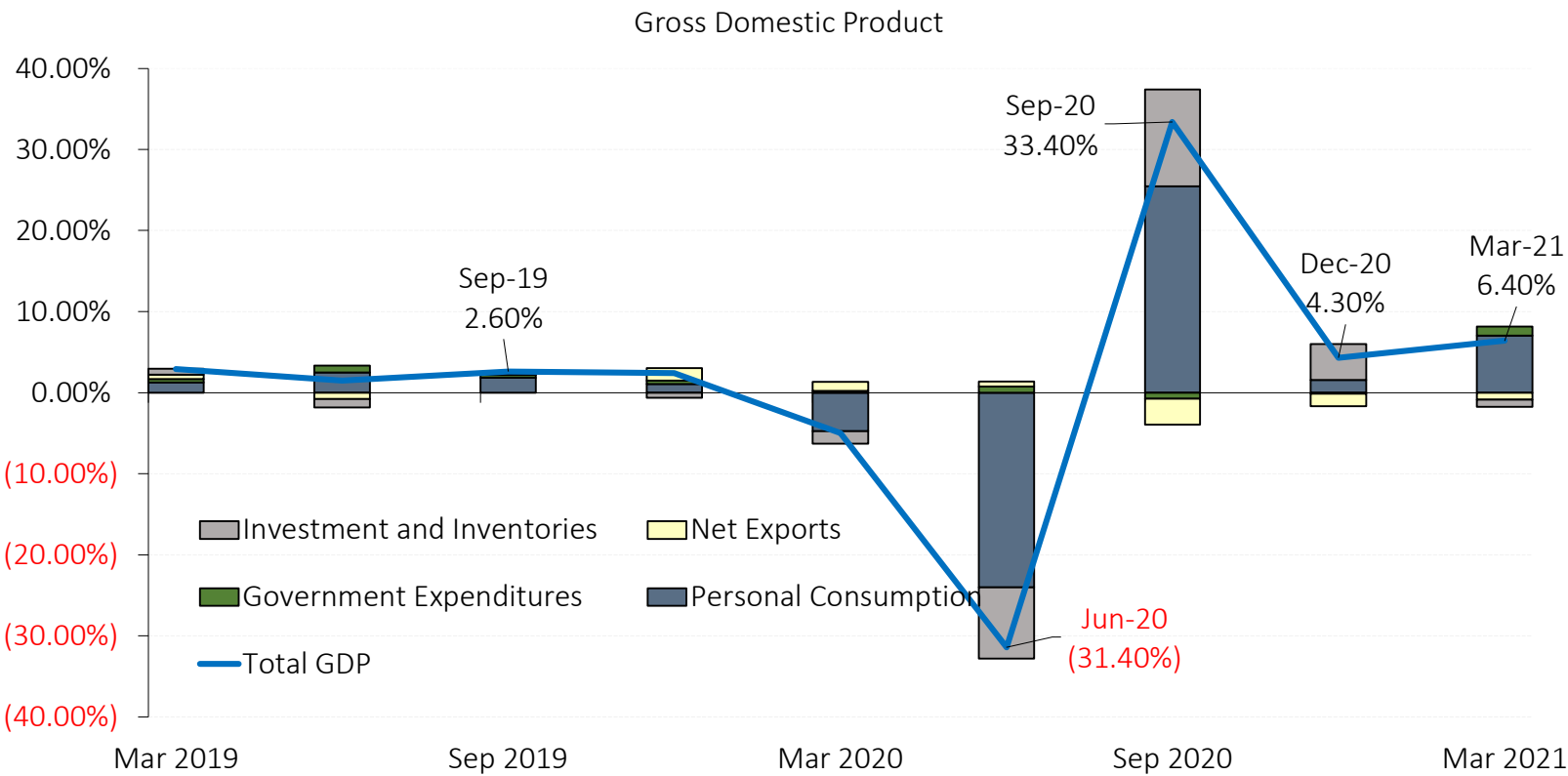


What's in the Third COVID-19 Stimulus Bill?

Over \$4.5 Trillion Directed to Combat COVID-19



Gross Domestic Product



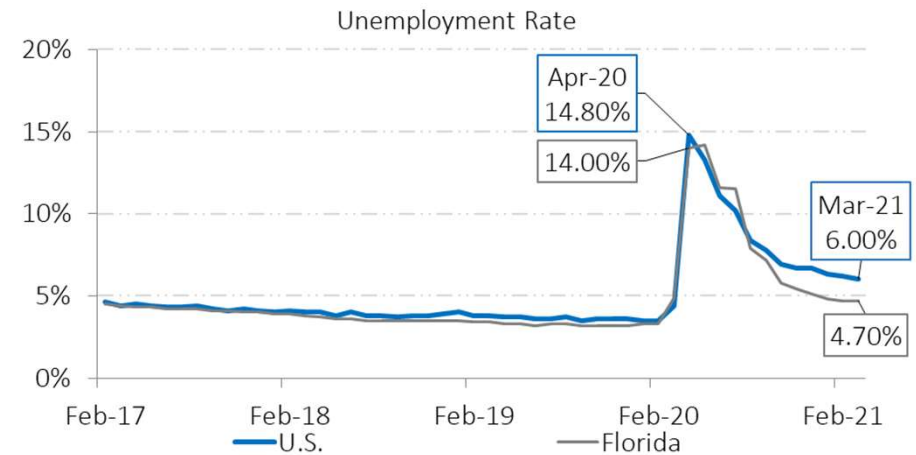
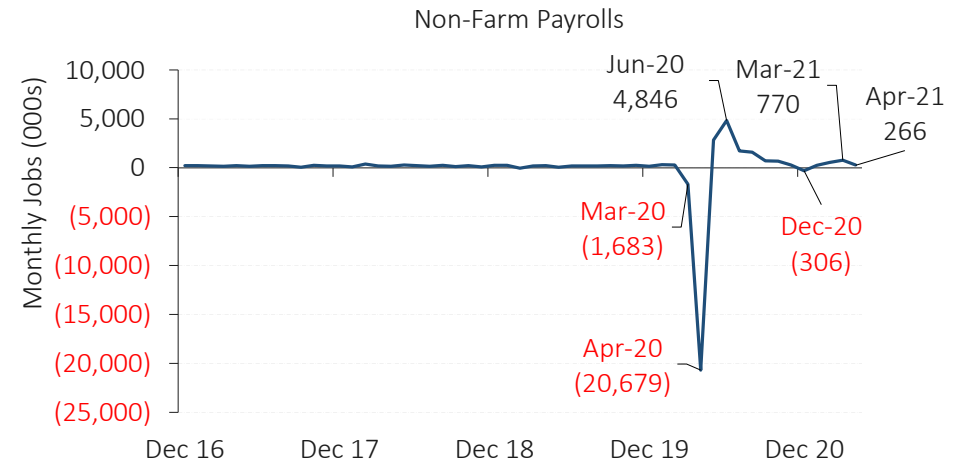
The Labor Market

Nonfarm Payrolls

- Nonfarm payrolls growth plummeted in April to 266k new jobs created during the month (vs. 1mm anticipated), Also, March job creation was revised downward to 770k (from 996k).
- The recent huge miss on job creation has .

Unemployment Rate

- The national unemployment rate decreased to 6.0% in March and then slightly increased in April to 6.1%.
- Florida unemployment ended the first quarter of 2021 at 4.7%.
- The labor force participation rate of 61.7% in April was a slight improvement although labor markets are not out of the clear as stimulus, economic factors and job skills matching have an impact on hiring.



ISM and the Federal Reserve Balance Sheet

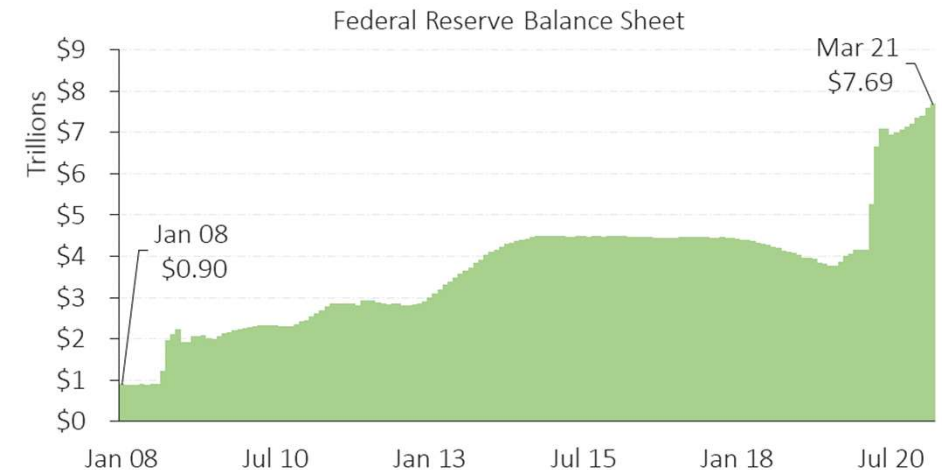
Institute of Supply Management

- The ISM index for Manufacturing and Service recorded the highest level in decades. The recent trend is contrary to the contractionary phase in through much of the second half of 2019.
- The service and manufacturing index measures have rebounded rapidly since the summer of 2020 as purchasing managers expect continued consumer consumption.



Quantitative Easing and the Fed Balance Sheet

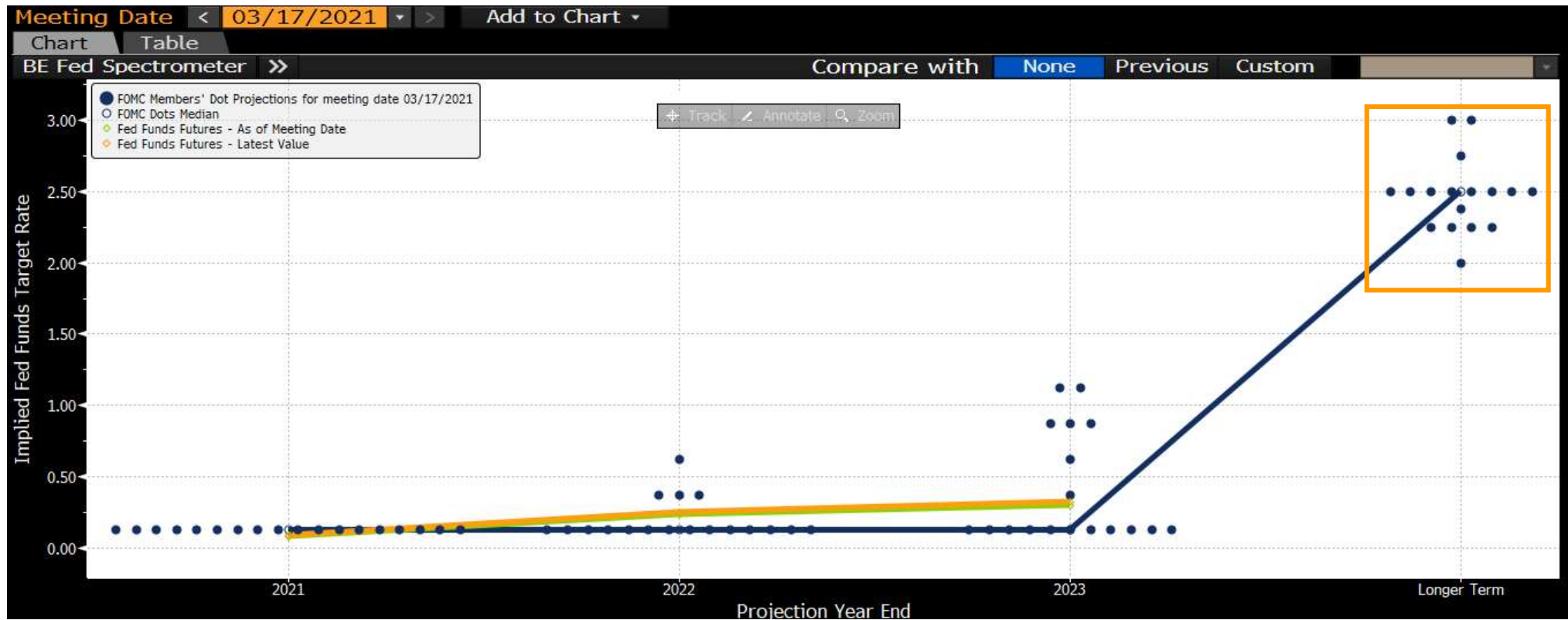
- The Fed's QE1, QE2 and QE3 increased the balance sheet from \$910 billion in August 2008 to \$4.5 trillion in August 2014, an increase of \$3.6 trillion in six years.
- The QE 4 program launched in March 2020 has increased the balance sheet from \$4.1 trillion in February 2020 to \$7.7 trillion in March 2021, an increase of \$3.6 trillion in 12 months.



Bloomberg Forecast – April 2021 Survey

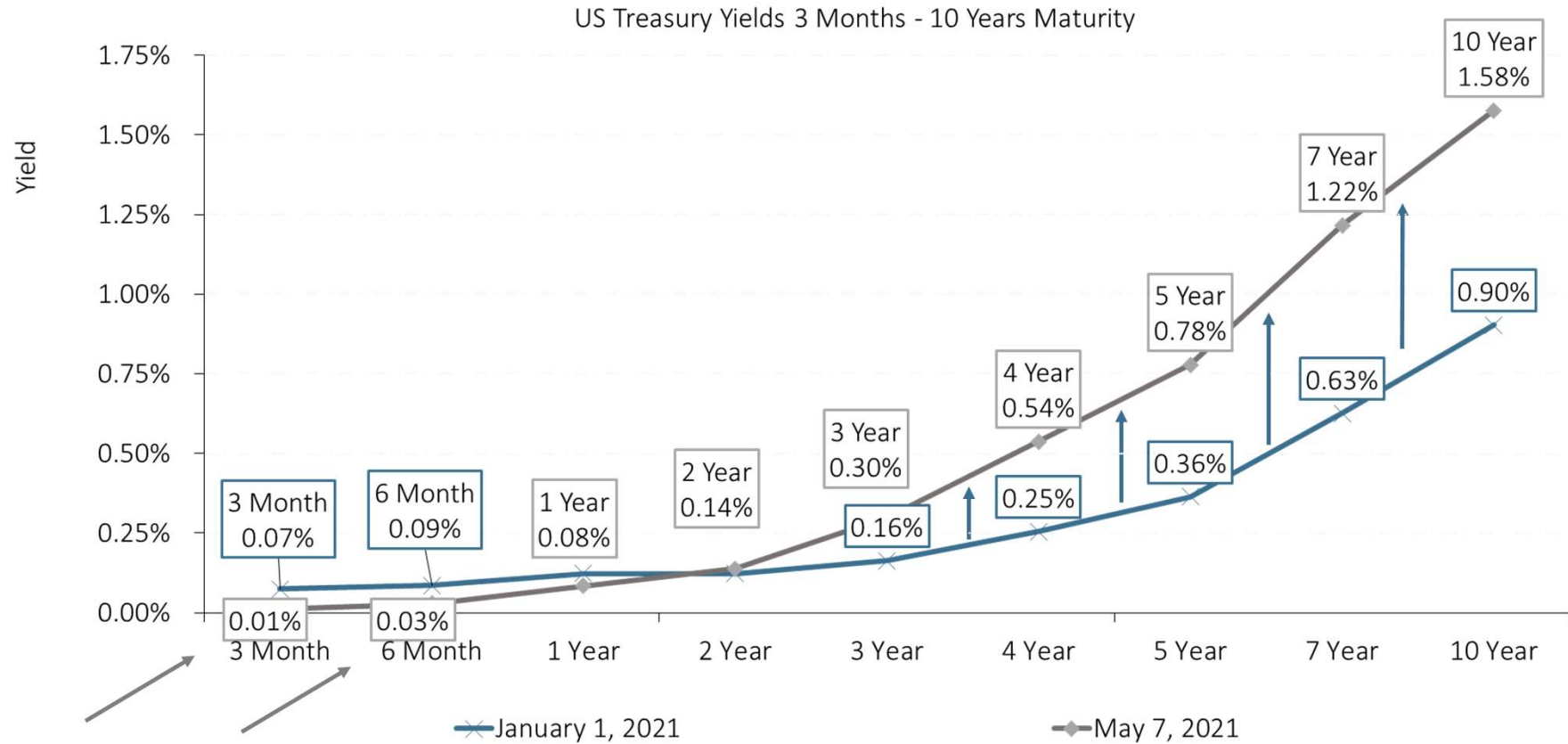
Indicator	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Economic Activity										
Real GDP (YoY%)	2.5	3.1	1.7	2.3	3.0	2.2	-3.5	6.2	4.0	2.5
Consumer Spending ...	3.0	3.8	2.8	2.6	2.7	2.4	-3.9	6.8	4.3	2.5
Government Spendin...	-0.9	1.8	1.8	0.9	1.8	2.3	1.1	1.4	1.8	0.8
Private Investment (...)	5.6	5.5	-1.5	3.5	6.3	1.7	-5.2	11.1	5.3	3.4
Exports (YoY%)	4.2	0.4	0.3	3.9	3.0	-0.1	-12.9	6.8	6.7	4.9
Imports (YoY%)	5.0	5.2	1.7	4.7	4.1	1.1	-9.3	13.7	5.2	3.6
Industrial Production (Yo...)	3.1	-1.0	-2.0	2.3	4.0		-7.0	6.3	3.8	2.2
Price Indices										
CPI (YoY%)	1.6	0.1	1.3	2.1	2.5	1.8	1.2	2.5	2.2	2.2
PCE Price Index (YoY%)							1.2	2.2	2.0	2.0
Core PCE (yoy%)	1.6	1.2	1.6	1.7	2.0	1.7	1.4	1.9	2.0	2.0

FOMC Dot Plot – March 17, 2021



- Additional FOMC members anticipate a rate hike compared to the December 2020 dot plot.

Yield Curve Steepens on Inflation Expectations



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City of Cape Coral LT I-3
Investment Report

01/01/2021 to 03/31/2021

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Disclaimers

Relationship Management Team

Relationship Managers

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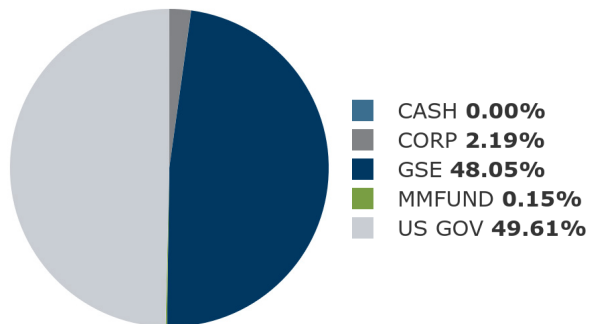
Portfolio Characteristics

	12/31/20	03/31/21
Duration	1.367	1.879
Years to Effective Maturity	1.384	1.894
Years to Final Maturity	1.391	1.896
Coupon Rate	1.622	0.816
Book Yield	1.400	0.484
Market Yield	0.160	0.187
Benchmark Yield	0.149	0.203

Portfolio Summary

Summary	12/31/20	03/31/21
Historical Cost	\$138,921,646.67	\$140,505,206.72
Book Value	138,899,370.47	140,149,025.36
Accrued Interest	572,945.94	213,060.52
Net Pending Transactions	0.99	3.49
Book Value Plus Accrued	\$139,472,317.40	\$140,362,089.37
Net Unrealized Gain/Loss	1,480,764.46	561,758.54
Market Value Plus Accrued	\$140,953,081.86	\$140,923,847.91

Asset Allocation



Income Summary

Period Income	Income
Interest Income	\$476,225.23
Net Amortization/ Accretion Income	(83,080.79)
Net Realized Gain/Loss	496,627.53
Net Income	\$889,771.97

Detail may not add to total due to rounding.

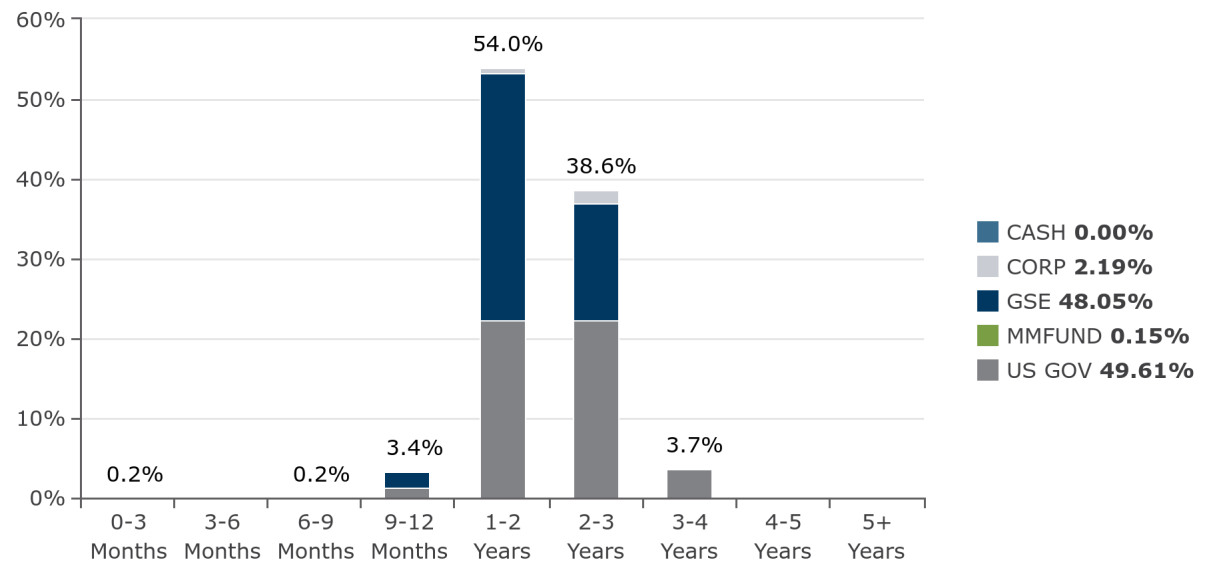
Maturity Distribution by Security Type

Security Distribution	0-3 Months	3-6 Months	6-9 Months	9-12 Months	1-2 Years	2-3 Years	3-4 Years	4-5 Years	5+ Years	Portfolio Total
CASH	\$3.49	--	--	--	--	--	--	--	--	\$3.49
CORP					819,717.74	2,268,886.93				3,088,604.68
FED INST (GSE)			234,761.35	2,707,876.43	43,968,995.09	20,799,333.91				67,710,966.78
MMFUND	215,059.32									215,059.32
US GOV				2,033,219.63	31,247,402.86	31,366,190.86	5,262,400.30			69,909,213.65
TOTAL	\$215,062.81	--	\$234,761.35	\$4,741,096.06	\$76,036,115.69	\$54,434,411.70	\$5,262,400.30	--	--	\$140,923,847.91

Top Ten Holdings

Issuer	Value
United States	49.61%
Federal Home Loan Banks	17.98%
Farm Credit System	14.27%
Freddie Mac	13.16%
Federal National Mortgage Association	2.64%
PepsiCo, Inc.	0.95%
Apple Inc.	0.66%
Exxon Mobil Corporation	0.58%
U.S. Bancorp	0.15%
(CCYUSD) UNITED STATES OF AMERICA	0.00%

Maturity Distribution by Type



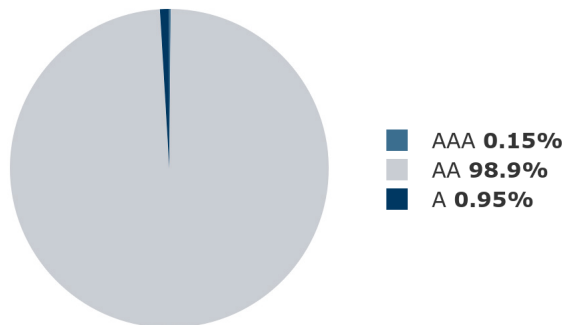
S&P Rating Distribution

S&P Rating Distribution	Mar 31, 2021 Ending Balance	Portfolio Allocation
Short Term Rating Distribution		
A-1+	\$0.00	0.00%
A-1		
A-2		
Total Short Term Ratings	\$0.00	0.00%
Long Term Rating Distribution		
AAA	\$215,062.81	0.15%
AA	\$139,366,758.43	98.90%
A	\$1,342,026.67	0.95%
Below A		
Not Rated		
Total Long Term Ratings	\$140,923,847.91	100.00%
Portfolio Total	\$140,923,847.91	100.00%

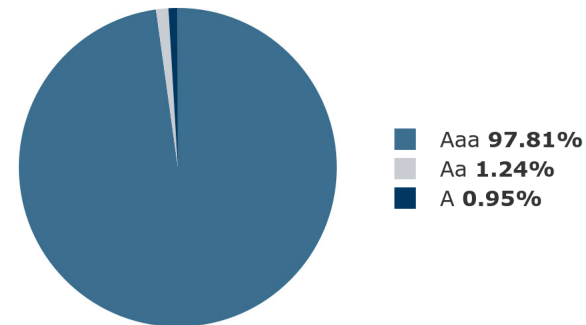
Moody's Rating Distribution

Moody's Rating Distribution	Mar 31, 2021 Ending Balance	Portfolio Allocation
Short Term Rating Distribution		
P-1	\$0.00	0.00%
P-2		
Total Short Term Ratings	\$0.00	0.00%
Long Term Rating Distribution		
Aaa	\$137,835,243.23	97.81%
Aa	\$1,746,578.01	1.24%
A	\$1,342,026.67	0.95%
Below A		
Not Rated		
Total Long Term Ratings	\$140,923,847.91	100.00%
Portfolio Total	\$140,923,847.91	100.00%

Allocation by Standard and Poor's Rating



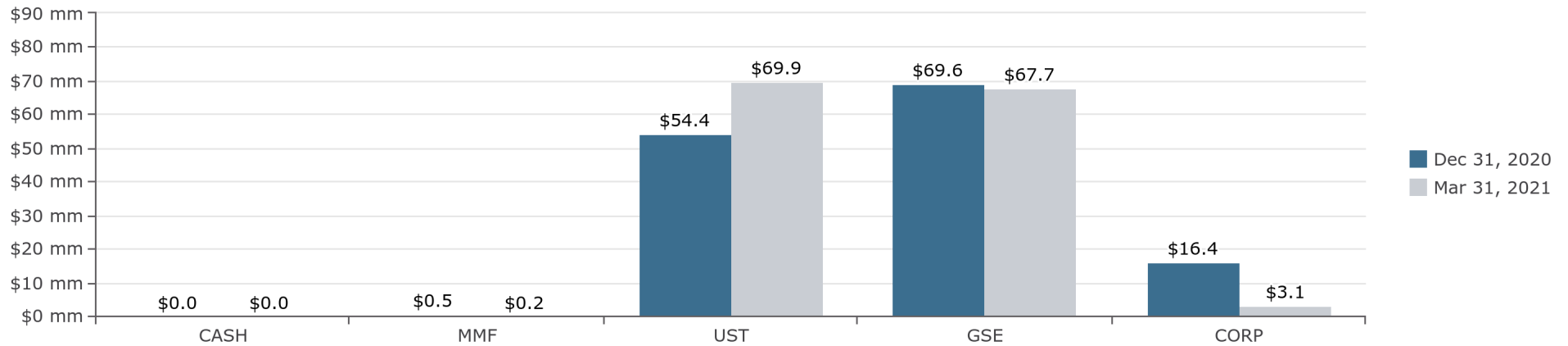
Allocation by Moody's Rating



Market Value Basis Security Distribution

Security Distribution	Dec 31, 2020 Ending Balance	Dec 31, 2020 Portfolio Allocation	Mar 31, 2021 Ending Balance	Mar 31, 2021 Portfolio Allocation	Change in Allocation	Book Yield
Cash	\$0.99	0.00%	\$3.49	0.00%	0.00%	0.00%
U.S. Treasury Notes	\$54,448,920.36	38.63%	\$69,909,213.65	49.61%	10.98%	0.45%
Federal Instrumentality (GSE)	69,551,659.26	49.34%	67,710,966.78	48.05%	(1.30%)	0.50%
Money Market Funds	\$540,090.61	0.38%	\$215,059.32	0.15%	(0.23%)	0.01%
Corporate Notes	16,412,410.64	11.64%	3,088,604.68	2.19%	(9.45%)	0.94%
Portfolio Total	\$140,953,081.86	100.00%	\$140,923,847.91	100.00%		0.48%

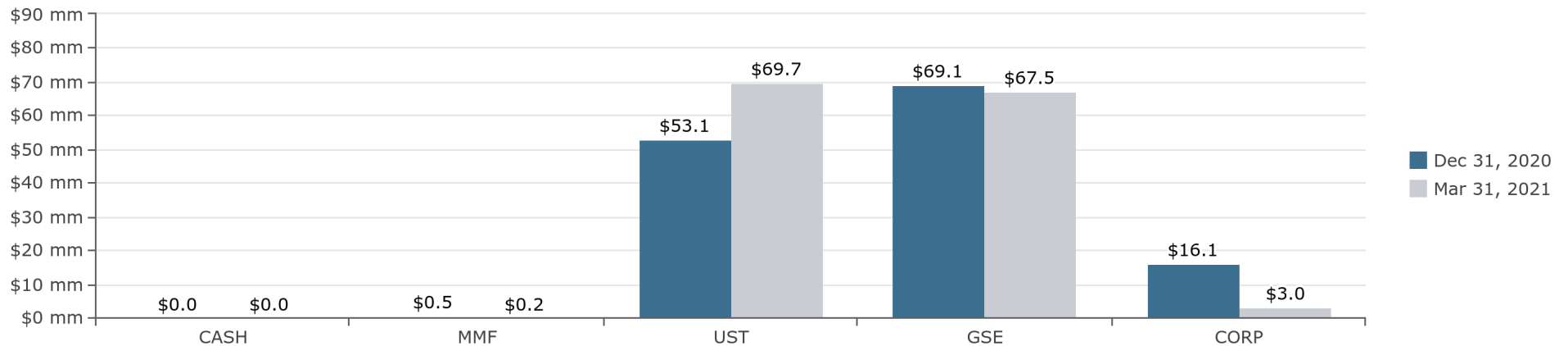
Asset Balance by Security Type



Historic Cost Basis Security Distribution

Security Distribution	Dec 31, 2020 Ending Balance	Dec 31, 2020 Portfolio Allocation	Mar 31, 2021 Ending Balance	Mar 31, 2021 Portfolio Allocation	Change in Allocation	Book Yield
Cash	\$0.99	0.00%	\$3.49	0.00%	0.00%	0.00%
U.S. Treasury Notes	\$53,084,997.73	38.21%	\$69,694,508.87	49.60%	11.39%	0.45%
Federal Instrumentality (GSE)	69,148,375.91	49.78%	67,548,888.28	48.08%	(1.70%)	0.50%
Money Market Funds	\$540,090.61	0.39%	\$215,059.32	0.15%	(0.24%)	0.01%
Corporate Notes	16,148,182.43	11.62%	3,046,750.25	2.17%	(9.46%)	0.94%
Portfolio Total	\$138,921,647.66	100.00%	\$140,505,210.21	100.00%		0.48%

Asset Balance by Security Type





City of Cape Coral LT I-5
Investment Report

01/01/2021 to 03/31/2021

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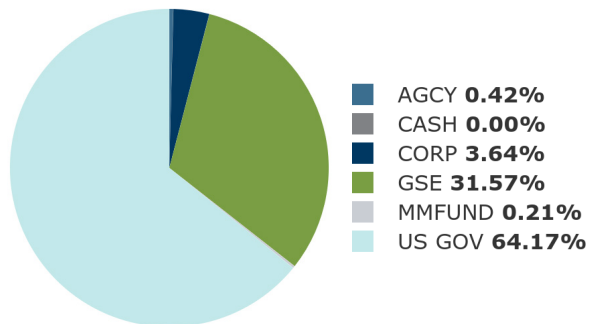
Portfolio Characteristics

	12/31/20	03/31/21
Duration	1.831	2.644
Years to Effective Maturity	1.882	2.706
Years to Final Maturity	1.966	2.777
Coupon Rate	1.936	1.530
Book Yield	1.594	1.125
Market Yield	0.193	0.381
Benchmark Yield	0.204	0.391

Portfolio Summary

Summary	12/31/20	03/31/21
Historical Cost	\$67,387,779.08	\$67,727,755.99
Book Value	67,127,315.03	67,569,845.66
Accrued Interest	261,925.75	233,587.55
Net Pending Transactions	0.87	0.99
Book Value Plus Accrued	\$67,389,241.65	\$67,803,434.19
Net Unrealized Gain/Loss	1,517,588.01	863,889.30
Market Value Plus Accrued	\$68,906,829.65	\$68,667,323.50

Asset Allocation



Income Summary

Period Income	Income
Interest Income	\$291,254.89
Net Amortization/ Accretion Income	(49,898.24)
Net Realized Gain/Loss	172,835.90
Net Income	\$414,192.55

Detail may not add to total due to rounding.

Portfolio Overview

01/01/2021 to 03/31/2021

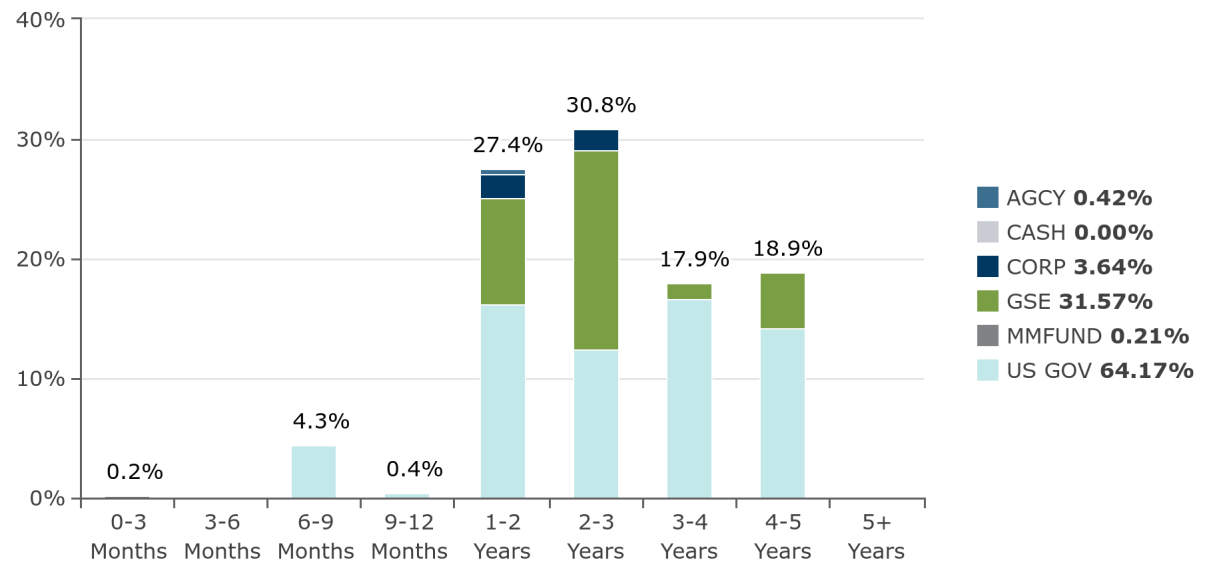
Maturity Distribution by Security Type

Security Distribution	0-3 Months	3-6 Months	6-9 Months	9-12 Months	1-2 Years	2-3 Years	3-4 Years	4-5 Years	5+ Years	Portfolio Total
AGCY	--	--	--	--	\$286,044.18	--	--	--	--	\$286,044.18
CASH	0.99									0.99
CORP					1,373,745.00	1,124,371.59				2,498,116.59
FED INST (GSE)					6,012,321.47	11,483,040.36	944,413.77	3,235,656.83		21,675,432.44
MMFUND	145,879.68									145,879.68
US GOV			2,979,192.63	254,436.56	11,173,402.05	8,541,761.77	11,375,955.30	9,737,101.31		44,061,849.62
TOTAL	\$145,880.67	--	\$2,979,192.63	\$254,436.56	\$18,845,512.70	\$21,149,173.72	\$12,320,369.08	\$12,972,758.14	--	\$68,667,323.50

Top Ten Holdings

Issuer	Value
United States	64.58%
Farm Credit System	12.32%
Federal Home Loan Banks	12.09%
Federal National Mortgage Association	6.02%
Apple Inc.	2.07%
Freddie Mac	1.13%
PepsiCo, Inc.	0.97%
Exxon Mobil Corporation	0.60%
U.S. Bancorp	0.21%
(CCYUSD) UNITED STATES OF AMERICA	0.00%

Maturity Distribution by Type



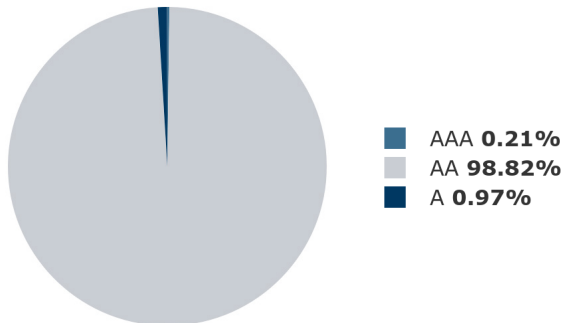
S&P Rating Distribution

S&P Rating Distribution	Mar 31, 2021 Ending Balance	Portfolio Allocation
Short Term Rating Distribution		
A-1+	\$0.00	0.00%
A-1		
A-2		
Total Short Term Ratings	\$0.00	0.00%
Long Term Rating Distribution		
AAA	\$145,880.67	0.21%
AA	\$67,857,968.97	98.82%
A	\$663,473.86	0.97%
Below A		
Not Rated		
Total Long Term Ratings	\$68,667,323.50	100.00%
Portfolio Total	\$68,667,323.50	100.00%

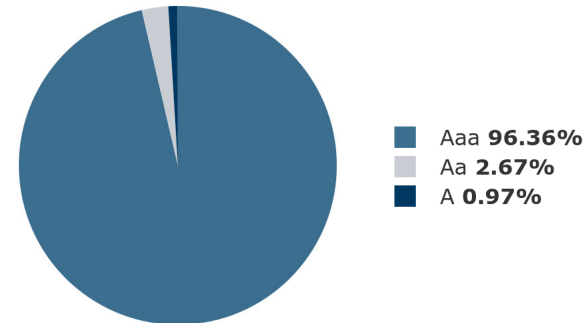
Moody's Rating Distribution

Moody's Rating Distribution	Mar 31, 2021 Ending Balance	Portfolio Allocation
Short Term Rating Distribution		
P-1	\$0.00	0.00%
P-2		
Total Short Term Ratings	\$0.00	0.00%
Long Term Rating Distribution		
Aaa	\$66,169,206.91	96.36%
Aa	\$1,834,642.73	2.67%
A	\$663,473.86	0.97%
Below A		
Not Rated		
Total Long Term Ratings	\$68,667,323.50	100.00%
Portfolio Total	\$68,667,323.50	100.00%

Allocation by Standard and Poor's Rating



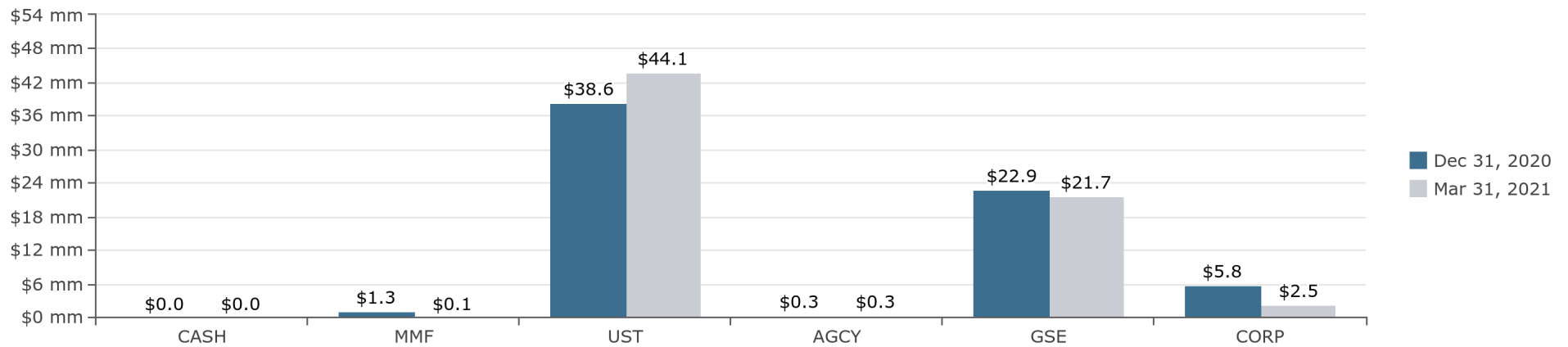
Allocation by Moody's Rating



Market Value Basis Security Distribution

Security Distribution	Dec 31, 2020 Ending Balance	Dec 31, 2020 Portfolio Allocation	Mar 31, 2021 Ending Balance	Mar 31, 2021 Portfolio Allocation	Change in Allocation	Book Yield
Cash	\$0.87	0.00%	\$0.99	0.00%	0.00%	0.00%
U.S. Treasury Notes	\$38,628,297.45	56.06%	\$44,061,849.62	64.17%	8.11%	1.37%
U.S. Agency Notes	317,220.94	0.46%	286,044.18	0.42%	(0.04%)	1.37%
Federal Instrumentality (GSE)	22,937,494.89	33.29%	21,675,432.44	31.57%	(1.72%)	0.66%
Money Market Funds	\$1,251,885.32	1.82%	\$145,879.68	0.21%	(1.60%)	0.01%
Corporate Notes	5,771,930.17	8.38%	2,498,116.59	3.64%	(4.74%)	0.84%
Portfolio Total	\$68,906,829.65	100.00%	\$68,667,323.50	100.00%		1.12%

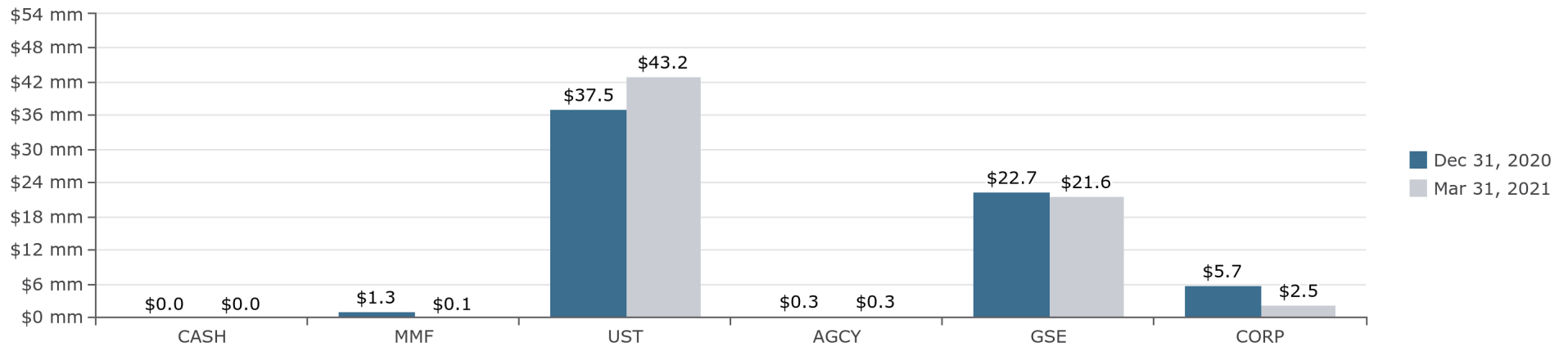
Asset Balance by Security Type



Historic Cost Basis Security Distribution

Security Distribution	Dec 31, 2020 Ending Balance	Dec 31, 2020 Portfolio Allocation	Mar 31, 2021 Ending Balance	Mar 31, 2021 Portfolio Allocation	Change in Allocation	Book Yield
Cash	\$0.87	0.00%	\$0.99	0.00%	0.00%	0.00%
U.S. Treasury Notes	\$37,461,791.28	55.59%	\$43,181,717.22	63.76%	8.17%	1.37%
U.S. Agency Notes	318,825.91	0.47%	286,046.15	0.42%	(0.05%)	1.37%
Federal Instrumentality (GSE)	22,688,398.52	33.67%	21,634,961.99	31.94%	(1.72%)	0.66%
Money Market Funds	\$1,251,885.32	1.86%	\$145,879.68	0.22%	(1.64%)	0.01%
Corporate Notes	5,666,878.04	8.41%	2,479,150.95	3.66%	(4.75%)	0.84%
Portfolio Total	\$67,387,779.95	100.00%	\$67,727,756.98	100.00%		1.12%

Asset Balance by Security Type



(2) External assets not managed by Public Trust. Information provided by City staff. Asset allocation limits defined in the City's investment policy.