



CITY OF KIRKLAND
Department of Finance & Administration
123 Fifth Ave, Kirkland, WA 98033 · 425.587.3100
www.kirklandwa.gov

MEMORANDUM

To: Kurt Triplett, City Manager

From: Michael Olson, Director of Finance and Administration

Date: May 7, 2020

Subject: QUARTERLY INVESTMENT REPORT, 2ND QUARTER 2020

RECOMMENDATION:

It is recommended that the City Council receive the Quarterly Investment Report

BACKGROUND DISCUSSION

This report was previously provided to the Council Finance and Administration Committee and will now be presented to the City Council each quarter on the consent agenda.

The Quarterly Investment report is prepared by the City's Investment Advisor. The City began contracting with an Investment Advisor in late 2014 to supplement limited internal resources, provide for dedicated resources in managing the portfolio and provide for more active trading in the portfolio to ensure the most advantageous yield. The Investment Advisor assists City staff with the management of the City's investment portfolio by providing non-discretionary advisory services for the City's investment portfolio and investment policy. Non-discretionary service means that the City retains control of the portfolio and authorizes all transactions.

Kirkland's Investment Policy, adopted by resolution from the City Council, establishes standards and guidelines for the direction, management and oversight for all the City's investable funds. Government revenues are collected and spent for public purposes and their use must be legal, transparent and accountable to the public. Public funds that are invested must be strongly protected against loss and must be available to be spent if the need arises. Therefore, the primary objectives for the City of Kirkland's investment activities are: legality, safety, liquidity and finally, yield. Additionally, the City diversifies its investments according to established maximum allowable exposure limits so that reliance on any one issuer will not place an undue financial burden on the City.

September 9, 2020

Page 2

Investments are limited those securities and deposits authorized by statute (RCW 39.58, 39.59, 43.250, and 43.84.080). The current investment portfolio consists primarily of U.S. Treasury obligations, Government Sponsored Enterprises (GSE's) such as the Federal Home Loan Banks (FHLB), the Washington State Local Government Investment Pool and deposits in banks approved by the Public Deposit Protection Commission (PDPC) where those funds are 100% collateralized and protected by other assets.

The attached Quarterly Investment Report includes a brief market commentary and market outlook at the beginning of the report on page 2. Following that, the status of compliance to Kirkland's Investment Policy and a strategic outlook is presented. A summary of Portfolio characteristics, structure, activity and returns can be found on pages 6-10. The report also includes a full listing of the security holdings in Kirkland's Portfolio is listed on pages 14-16.

The City also recently issued a request for proposals for the Investment Advisor as the original contract and extensions for Government Portfolio Advisors were completed. Although the City did receive multiple qualified submittals for the contract, Government Portfolio Advisors provided the best combination of services and expertise and were selected for a new three-year contract.



Executive Investment Report City of Kirkland

June 30, 2020

Total Aggregate Portfolio

Market Commentary

Market Yields: Front-end and intermediate yields continued to grind lower in the second quarter as market participants came to terms with a Federal Reserve on hold for the foreseeable future. Yields on the 3-year and 5-year hit all-time lows in late June at 0.174% and 0.289% respectively. The curve steepened modestly as the 10-year yield remained stable while the long-bond sold off approximately 10 basis points. We continue to monitor issuance out of the Treasury, and purchases by the Federal Reserve, to gauge how supply will be digested given the massive borrowing needs to fund continued the various stimulus efforts.

FOMC: The Fed continued their accommodative stance in the second quarter as they added \$1.3 trillion to their balance sheet mostly through continued purchases of US Treasury and Agency mortgage-backed securities. At the conclusion of their June meeting, markets got an updated assessment of the economy and interest rate projections from the Fed. The Fed forecasts an economy shrinking by 6.5% in 2020 with a yearend unemployment rate of 9.3% and does not see the economy returning to 2019 levels until sometime in 2022. Consistent with their economic outlook, the Fed forecast that rates would remain at current levels until sometime after 2022.

Employment and Inflation: The employment market continues to confuse with elevated continuing unemployment claims yet an improving pace of re-hiring in the wake of the massive job losses experienced earlier in the year. As we enter the summer months, the expiration of extra unemployment benefits and Paycheck Protection Program stipulations are likely to add additional noise to the employment picture. Inflation remains muted given the economic backdrop as we have now seen 3 months of negative CPI prints. Like the employment picture, the outlook for inflation remains cloudy with many variables in play surrounding supply, demand, damaged supply chains and the on/off trade war with China. Focus will be on actions from the Fed who has consistently undershot their 2% inflation target over the past 10 years. If Europe or Japan are to be guide, re-establishing trend inflation may prove challenging.

Market Outlook

GDP: It is official, the longest post-war economic recovery ended during the first quarter as GDP came in at a negative 5.0%. Growth estimates for the more severely impacted second quarter remain deeply negative with the Atlanta Fed's GDP Now pointing toward a quarterly decline of 39.5% as of their last reading on June 26th. At this time, the second quarter looks to be the low point of this cycle as economic data has sprung back to life thanks to the reopening of the economy combined with massive fiscal stimulus that put cash in the pockets of consumers and businesses. The pace of the recovery will be dependent on the reopening process, containment of the pandemic and potential changes in consumption and business investment patterns in what is likely to be a fundamentally altered economy going forward.

Fed Funds: Federal Reserve Chair Jerome Powel summed it up best in June when he stated, "We're not thinking about raising rates, we're not even thinking about thinking about raising rates." Consistent with this sentiment, market pricing in the federal funds futures market indicate no rate hikes from the Fed over the next five years.

Two-year Yield Expectations: The two-year Treasury yield traded in a very narrow range in the second quarter. Given a Fed firmly on hold, we expect this trend to continue much like we experienced in the recovery years after the 2008-2009 global financial crisis.

Portfolio Positioning: With a Fed firmly on hold, GPA is continuing to recommend portfolio durations stay close to their respective benchmark durations. While we are recommending a neutral position in duration, we are growing increasingly cautious beyond the 3-year area of the interest rate curve as yields here remain vulnerable to the ongoing economic recovery and progress toward a vaccine. Spreads have continued to recover yet we still find good value in agency and taxable municipal securities. We still find value in owning corporate securities; however we don't find them a screaming bargain we saw at the end of last quarter.

Quarterly Yield Change

	09/30/19	12/31/19	03/31/20	06/30/20
3 month bill	1.81	1.54	0.06	0.13
2 year note	1.62	1.57	0.25	0.15
5 year note	1.54	1.69	0.38	0.29
10 year note	1.67	1.92	0.67	0.66

Economists' Survey Projections

	Q3-20	Q4-20	Q1-21	Q2-21
Real GDP	20.0	7.8	5.2	4.0
Core PCE (YOY%)	0.8	0.8	0.8	1.3
Unemployment	10.6	9.5	8.7	7.9

Economists' Survey Projections for Rates

	Q3-20	Q4-20	Q1-21	Q2-21
Fed Funds	0.25	0.25	0.25	0.3
2 Year	0.27	0.33	0.39	0.48
10 year	0.84	0.94	1.05	1.14

Compliance Report

City of Kirkland | Total Aggregate Portfolio



June 30, 2020

Category			
Policy Diversification Constraint	Policy Limit	Actual Value*	Status
US Treasury Obligations Maximum % of Holdings	100	11.147	Compliant
US Agency Callable Securities Maximum % of Total Portfolio	25	2.066	Compliant
US Agency FFCB Issuer Concentration	30	15.175	Compliant
US Agency FHLB Issuer Concentration	30	27.312	Compliant
US Agency FHLMC Issuer Concentration	30	4.221	Compliant
US Agency FNMA Issuer Concentration	30	16.946	Compliant
US Agency Obligations - Primary FHLB, FNMA, FHLMC, FFCB Maximum % of Holdings	100	63.654	Compliant
US Agency Obligations - Secondary FICO, FARMER MAC etc. Maximum % of Holdings	20	0.000	Compliant
US Agency Obligations Issuer Concentration - Secondary FICO, FARMER MAC etc.	10	0.000	Compliant
Municipal Bonds Issuer Concentration	5	0.000	Compliant
Municipal Bonds Maximum % of Holdings	20	0.000	Compliant
Commercial Paper Issuer Concentration	3	0.000	Compliant
Commercial Paper Maximum % of Holdings	25	0.000	Compliant
Certificates of Deposit Issuer Concentration	5	2.185	Compliant
Certificates of Deposit Maximum % of Holdings	10	2.185	Compliant
Banker's Acceptance Issuer Concentration	5	0.000	Compliant
Banker's Acceptance Maximum % of Holdings	5	0.000	Compliant
LGIP Maximum % of Holdings	100	13.381	Compliant
PDPC Bank Deposits Issuer Concentration	100	9.633	Compliant
PDPC Bank Deposits Maximum % of Holdings	50	9.633	Compliant
Policy Maturity Structure Constraint	Policy Limit	Actual %	Status
Maturity Constraints Under 30 days Minimum % of Total Portfolio	10	24.983	Compliant
Maturity Constraints Under 1 year Minimum % of Total Portfolio	25	43.025	Compliant
Maturity Constraints Under 5 years Minimum % of Total Portfolio	100	100.000	Compliant
Policy Maturity Constraint	Policy Limit	Actual Term	Status
US Treasury Maximum Maturity of (years)	5	4.923	Compliant
US Agency Maximum Maturity (years)	5	0.000	Compliant
US Agency Obligations - Secondary Must be rated by Atleast one	0	0.000	Compliant
Municipals Maximum Maturity (years)	5	0.000	Compliant
Commercial Paper Days to Final Maturity (days)	270	0.000	Compliant
Weighted Average Maturity (years)	3	1.704	Compliant

*Market Value

Compliance Report

City of Kirkland | Total Aggregate Portfolio



Category

Policy Credit Constraint	Status
US Agency Obligations - Secondary Minimum Ratings AA-/Aa3/AA- if rated	Compliant
Municipal Bonds Ratings Minimum AA-/Aa3/AA- by All if rated	Compliant
Commercial Paper Ratings Minimum Ratings A1/P1 by both and F1 (if rated)	Compliant

*Market Value

GPA Investment Report

Strategic Quarterly Update

City of Kirkland | Total Aggregate Portfolio



June 30, 2020

Strategic Outlook

- At the conclusion of their June meeting, the Federal Reserve provided an updated outlook that calls for ultra-low rates for the foreseeable future as they see the economy mending slowly over the next several years. To gauge the direction of longer-term rates, markets are currently focused on the supply and demand balance in the bond market where massive issuance needs from the Treasury are met by continued purchases out of the Federal Reserve.
- Corporate, agency, and municipal spreads rebounded strongly in the second quarter but remain above pre-pandemic levels. While risk to the outlook remains, we continue to find value in selectively adding corporate and municipal securities to portfolios to bolster income.
- Economic data improved markedly in May and June as economic reopening led to a surge of activity. Despite the strong performance, the economy remains a long way from a full recovery and continued gains will hinge on progress toward halting the rise in the viral outbreak.

Portfolio Positioning

- Account remains very well-positioned with duration at the strategic target and a well-diversified maturity profile. Effort going forward is to maintain strategic positioning.
- Account is well-positioned amongst agency and treasury securities and has ability to extend in agencies to take advantage of attractive spread levels and increased issuance.
- The total portfolio book yield decreased from 1.929 to 1.588.
- The total portfolio unrealized gain/loss ended the quarter at \$6,190,728.
- The core portfolio duration increased over the quarter from 2.017 last quarter to 2.118 this quarter. The benchmark duration ended the quarter at 2.182.
- Net total return for the core portfolio, which includes change in market value and interest income, was 0.49%. The benchmark total return for the period was 0.23%.

Strategy	03/31/2020	06/30/2020
Effective Duration		
Investment Core	2.017	2.118
Benchmark Duration	2.147	2.182
Total Effective Duration	1.493	1.610

Total Return (Net of Fees)*		
Investment Core	2.77%	0.49%
ICE BofA 0-5 Year US Treasury Index	3.20%	0.23%
Total Portfolio Performance	2.12%	0.41%

*Changes in Market Value include net unrealized and realized gains/losses.

Maturity Total Portfolio		
Average Maturity Total Holdings	1.669	1.709

Book Yield	03/31/2020	06/30/2020
Ending Book Yield		
Investment Core	2.116	1.992
Liquidity	1.322	0.363
Certificates of Deposit	2.375	0.599
Total Book Yield	1.929	1.588

Values	03/31/2020	06/30/2020
Market Value + Accrued		
Investment Core	182,755,083	183,070,814
Liquidity	60,041,682	56,012,809
Certificates of Deposit	5,289,774	5,317,823
Total MV + Accrued	248,086,539	244,401,446

Net Unrealized Gain/Loss		
Total Net Unrealized Gain/Loss	6,183,153	6,190,728

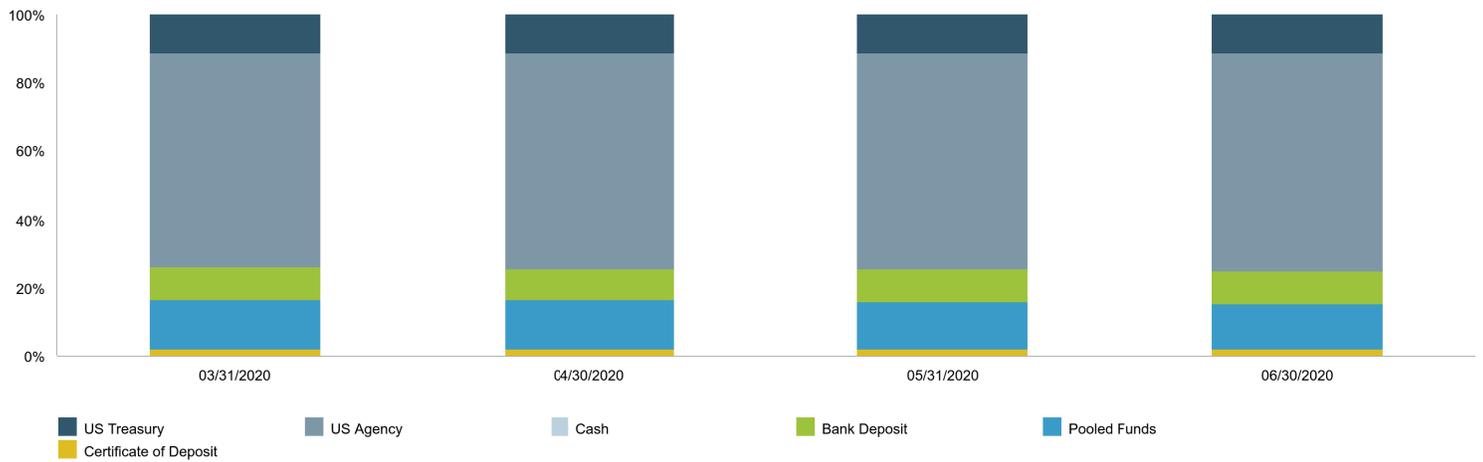
Asset Allocation Change over Quarter

City of Kirkland | Total Aggregate Portfolio



Asset Allocation Changes

Security Type	03/31/2020		06/30/2020		Change	
	Market Value + Accrued	% of Portfolio	Market Value + Accrued	% of Portfolio	Market Value + Accrued	% of Portfolio
US Treasury	27,357,175.62	11.03%	27,231,632.87	11.14%	(125,542.75)	0.11%
US Agency	155,397,907.06	62.64%	155,839,181.22	63.76%	441,274.17	1.13%
Bank Deposit	23,405,200.72	9.43%	23,444,785.90	9.59%	39,585.18	0.16%
Pooled Funds	36,636,481.69	14.77%	32,568,022.88	13.33%	(4,068,458.81)	(1.44%)
Certificate of Deposit	5,289,774.21	2.13%	5,317,823.38	2.18%	28,049.17	0.04%
Total	248,086,539.29	100.00%	244,401,446.25	100.00%	(3,685,093.04)	

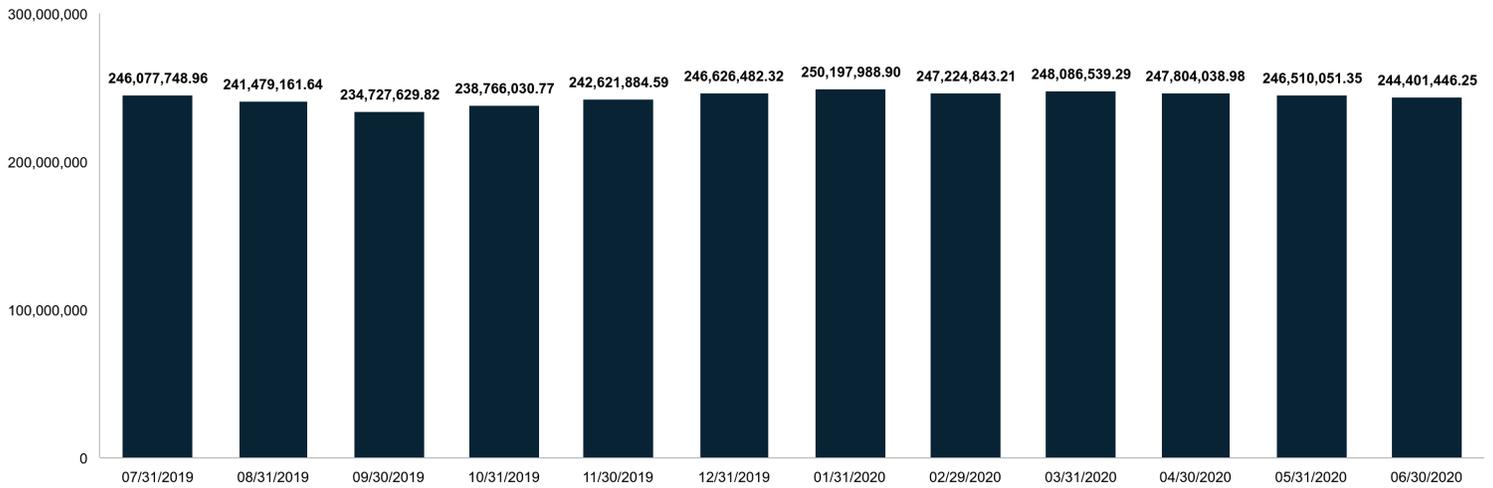


If negative cash balance is showing, it is due to a pending trade payable at the end of period.

Historical Balances

City of Kirkland | Total Aggregate Portfolio

Market Value Growth



Market Value and Return

Period Begin	Period End	Market Value + Accrued	Interest Income	Book Yield	Effective Duration	Maturity in Years
07/01/2019	07/31/2019	246,077,749	439,779	2.179	1.573	1.747
08/01/2019	08/31/2019	241,479,162	490,010	2.231	1.539	1.737
09/01/2019	09/30/2019	234,727,630	419,334	2.193	1.584	1.783
10/01/2019	10/31/2019	238,766,031	419,917	2.139	1.563	1.762
11/01/2019	11/30/2019	242,621,885	418,803	2.082	1.482	1.675
12/01/2019	12/31/2019	246,626,482	426,836	1.946	1.496	1.687
01/01/2020	01/31/2020	250,197,989	430,398	1.950	1.507	1.685
02/01/2020	02/29/2020	247,224,843	419,994	1.965	1.543	1.713
03/01/2020	03/31/2020	248,086,539	414,390	1.929	1.493	1.669
04/01/2020	04/30/2020	247,804,039	378,337	1.768	1.535	1.712
05/01/2020	05/31/2020	246,510,051	363,675	1.711	1.479	1.659
06/01/2020	06/30/2020	244,401,446	342,926	1.588	1.610	1.709

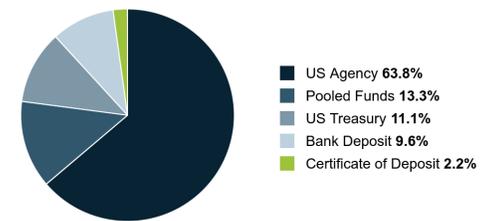
Summary Overview

City of Kirkland | Total Aggregate Portfolio

Portfolio Characteristics

Metric	Value
Cash and Cash Equivalents	56,012,808.78
Investments	188,388,637.47
Book Yield	1.588
Effective Duration	1.610
Years to Maturity	1.709
Avg Credit Rating	AA+

Allocation by Asset Class



Strategic Structure

Account	Par Amount	Book Value	Original Cost	Market Value	Net Unrealized Gain (Loss)	Accrued	Yield at Cost	Effective Duration	Benchmark Duration	Benchmark
KIRK-Investment Core	175,000,000.00	175,869,172.51	176,059,116.88	182,059,901.00	6,190,728.49	1,010,913.09	1.992	2.118	2.182	ICE BofA 0-5 Year US Treasury Index
KIRK-Liquidity	56,012,808.78	56,012,808.78	56,012,808.78	56,012,808.78	0.00	0.00	0.363	0.010	0.093	ICE BofA US 1-Month Treasury Bill Index
KIRK-Certificates of Deposit	5,317,736.11	5,317,736.11	5,317,736.11	5,317,736.11	0.00	87.27	0.599	0.962	0.163	ICE BofA 0-3 Month US Treasury Bill Index
Total	236,330,544.89	237,199,717.40	237,389,661.77	243,390,445.89	6,190,728.49	1,011,000.36	1.588	1.610		

Portfolio Activity

City of Kirkland | Total Aggregate Portfolio



June 30, 2020

Accrual Activity Summary

	Quarter to Date	Fiscal Year to Date (01/01/2020)
Beginning Book Value	241,028,061.42	243,476,806.22
Maturities/Calls	(20,310,465.76)	(35,310,465.76)
Purchases	20,574,616.84	35,810,124.48
Sales	0.00	0.00
Change in Cash, Payables, Receivables	(4,028,873.63)	(6,669,126.17)
Amortization/Accretion	(65,620.65)	(109,620.55)
Realized Gain (Loss)	1,999.18	1,999.18
Ending Book Value	237,199,717.40	237,199,717.40

Maturities/Calls	Market Value
Quarter to Date	(20,310,465.76)
Fiscal Year to Date	(35,310,465.76)

Purchases	Market Value
Quarter to Date	20,574,616.84
Fiscal Year to Date	35,810,124.48

Fair Market Activity Summary

	Quarter to Date	Fiscal Year to Date (01/01/2020)
Beginning Market Value	247,211,214.44	245,623,973.59
Maturities/Calls	(20,310,465.76)	(35,310,465.76)
Purchases	20,574,616.84	35,810,124.48
Sales	0.00	0.00
Change in Cash, Payables, Receivables	(4,028,873.63)	(6,669,126.17)
Amortization/Accretion	(65,620.65)	(109,620.55)
Change in Net Unrealized Gain (Loss)	7,575.47	4,043,561.12
Net Realized Gain (Loss)	1,999.18	1,999.18
Ending Market Value	243,390,445.89	243,390,445.89

Sales	Market Value
Quarter to Date	0.00
Fiscal Year to Date	0.00

Return Management-Income Detail

City of Kirkland | Total Aggregate Portfolio



Accrued Book Return

	Quarter to Date	Fiscal Year to Date (01/01/2020)
Amortization/Accretion	(65,620.65)	(109,620.55)
Interest Earned	1,084,938.22	2,349,719.55
Realized Gain (Loss)	1,999.18	1,999.18
Book Income	1,021,316.75	2,242,098.18
Average Portfolio Balance	246,786,509.92	246,929,229.68
Book Return for Period	0.424	0.923

Return Comparisons

Periodic for performance less than one year. Annualized for performance greater than one year.



Fair Market Return

	Quarter to Date	Fiscal Year to Date (01/01/2020)
Market Value Change	7,575.47	4,043,561.12
Amortization/Accretion	(65,620.65)	(109,620.55)
Interest Earned	1,084,938.22	2,349,719.55
Fair Market Earned Income	1,026,893.04	6,283,660.12
Average Portfolio Balance	246,786,509.92	246,929,229.68
Fair Market Return for Period	0.42%	2.55%

Interest Income

	Quarter to Date	Fiscal Year to Date (01/01/2020)
Beginning Accrued Interest	875,324.85	1,002,508.73
Coupons Paid	968,047.44	2,455,563.22
Purchased Accrued Interest	18,784.73	114,335.30
Sold Accrued Interest	0.00	0.00
Ending Accrued Interest	1,011,000.36	1,011,000.36
Interest Earned	1,084,938.22	2,349,719.55

Security Type Distribution

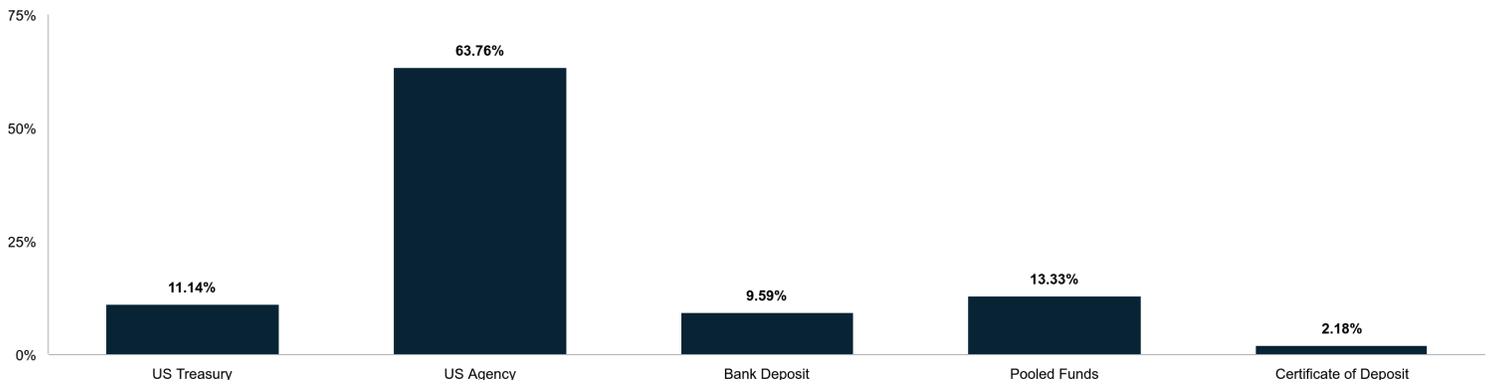
City of Kirkland | Total Aggregate Portfolio



Security Type Distribution

Security Type	Par Amount	Book Yield	Market Value + Accrued	% of Market Value + Accrued
US Treasury	26,000,000.00	1.578	27,231,632.87	11.14%
US Agency	149,000,000.00	2.064	155,839,181.22	63.76%
Bank Deposit	23,444,785.90	0.400	23,444,785.90	9.59%
Pooled Funds	32,568,022.88	0.336	32,568,022.88	13.33%
Certificate of Deposit	5,317,736.11	0.599	5,317,823.38	2.18%
Total	236,330,544.89	1.588	244,401,446.25	100.00%

Security Type Distribution



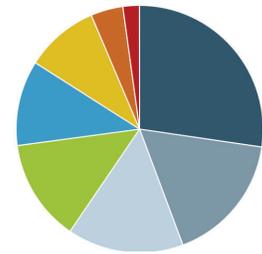
Risk Management-Credit/Issuer

City of Kirkland | Total Aggregate Portfolio

Credit Rating S&P/Moody's/Fitch

	Market Value + Accrued	%
S&P		
AA+	183,070,814.09	74.91
NA	61,330,632.16	25.09
Moody's		
Aaa	183,070,814.09	74.91
NA	61,330,632.16	25.09
Fitch		
AAA	183,070,814.09	74.91
NA	61,330,632.16	25.09
Total	244,401,446.25	100.00

Issuer Concentration



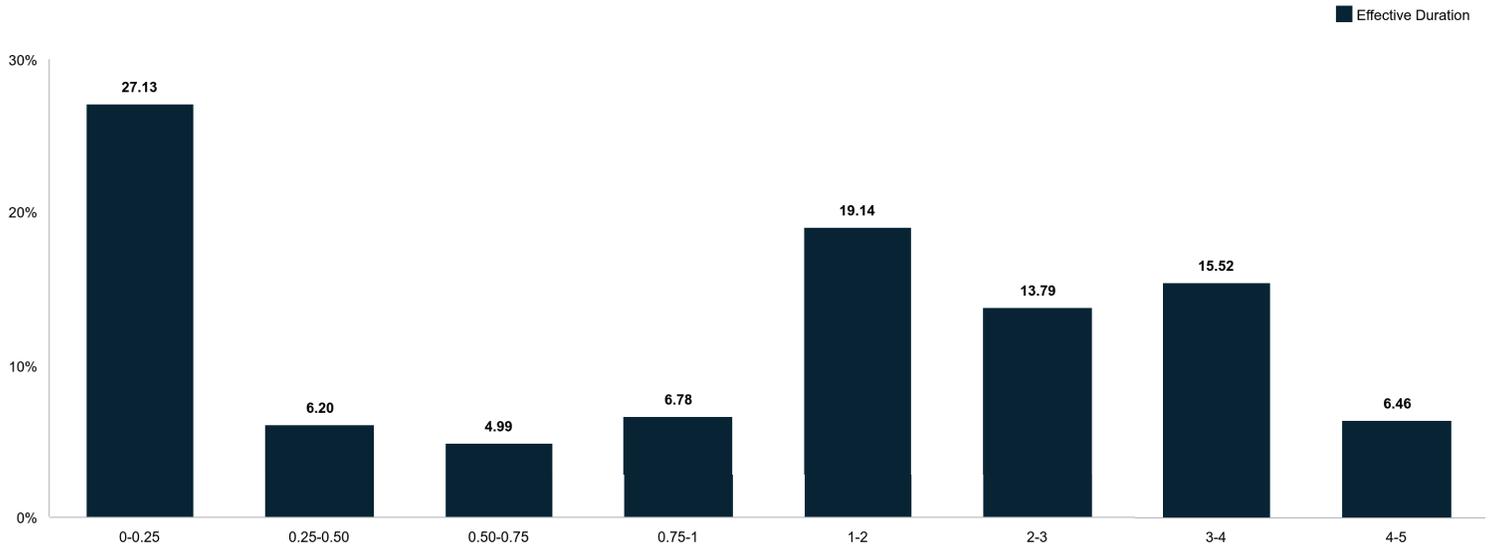
- Federal Home Loan Banks 27.3%
- Federal National Mortgage Association 17.0%
- Farm Credit System 15.2%
- WASHINGTON LGIP 13.3%
- United States 11.1%
- OPUS BANK DEPOSIT 9.6%
- Freddie Mac 4.2%
- East West Bank 2.2%

Risk Management-Maturity/Duration

City of Kirkland | Total Aggregate Portfolio



Distribution by Effective Duration



Holdings by Maturity & Ratings

City of Kirkland | Total Aggregate Portfolio



June 30, 2020

Cusip	Par Amount	Security	Coupon Rate	Maturity Date	Call Date	Market Value	Accrued	Market Value + Accrued	Book Yield	Market Yield	% of Portfolio	Years to Maturity	Eff Duration	S&P, Moody, Fitch
KIRK_OPUS_DEP	23,444,785.90	OPUS BANK DEPOSIT	0.400	06/30/2020		23,444,785.90	0.00	23,444,785.90	0.400		9.59	0.010	0.010	NA NA NA
WA_LGIP	32,568,022.88	WASHINGTON LGIP	0.336	06/30/2020		32,568,022.88	0.00	32,568,022.88	0.336		13.33	0.010	0.010	NA NA NA
3130A5Z77	5,000,000.00	FEDERAL HOME LOAN BANKS	1.830	07/29/2020		5,006,575.00	38,633.33	5,045,208.33	1.676	0.196	2.06	0.079	0.081	AA+ Aaa AAA
3130ACE26	5,000,000.00	FEDERAL HOME LOAN BANKS	1.375	09/28/2020		5,014,935.00	17,760.42	5,032,695.42	1.968	0.152	2.06	0.246	0.244	AA+ Aaa AAA
912828L99	5,000,000.00	UNITED STATES TREASURY	1.375	10/31/2020		5,019,625.00	11,582.88	5,031,207.88	1.313	0.199	2.06	0.337	0.334	AA+ Aaa AAA
3137EAEK1	5,000,000.00	FEDERAL HOME LOAN MORTGAGE CORP	1.875	11/17/2020		5,032,215.00	11,458.33	5,043,673.33	1.984	0.180	2.06	0.383	0.380	AA+ Aaa AAA
3130A7CV5	2,000,000.00	FEDERAL HOME LOAN BANKS	1.375	02/18/2021		2,014,914.00	10,159.72	2,025,073.72	1.628	0.196	0.83	0.638	0.629	AA+ Aaa AAA
3135G0J20	5,000,000.00	FEDERAL NATIONAL MORTGAGE ASSOCIATION	1.375	02/26/2021		5,039,155.00	23,871.53	5,063,026.53	1.448	0.179	2.07	0.660	0.652	AA+ Aaa AAA
3130AFV61	5,000,000.00	FEDERAL HOME LOAN BANKS	2.500	03/12/2021		5,081,620.00	37,847.22	5,119,467.22	2.524	0.166	2.09	0.698	0.693	AA+ Aaa AAA
912828WN6	6,000,000.00	UNITED STATES TREASURY	2.000	05/31/2021		6,099,372.00	10,163.93	6,109,535.93	1.663	0.193	2.50	0.917	0.912	AA+ Aaa AAA
313379RB7	5,000,000.00	FEDERAL HOME LOAN BANKS	1.875	06/11/2021		5,079,240.00	5,208.33	5,084,448.33	1.843	0.199	2.08	0.947	0.942	AA+ Aaa AAA
KIRK-17340 25-2021	5,317,736.11	East West Bank	0.599	06/19/2021		5,317,736.11	87.27	5,317,823.38	0.599	0.599	2.18	0.969	0.962	NA NA NA
313378JP7	5,000,000.00	FEDERAL HOME LOAN BANKS	2.375	09/10/2021		5,127,580.00	36,614.58	5,164,194.58	1.642	0.234	2.11	1.197	1.176	AA+ Aaa AAA
3130AF5B9	5,000,000.00	FEDERAL HOME LOAN BANKS	3.000	10/12/2021		5,182,190.00	32,916.67	5,215,106.67	2.502	0.157	2.13	1.285	1.261	AA+ Aaa AAA

Holdings by Maturity & Ratings

City of Kirkland | Total Aggregate Portfolio



June 30, 2020

Cusip	Par Amount	Security	Coupon Rate	Maturity Date	Call Date	Market Value	Accrued	Market Value + Accrued	Book Yield	Market Yield	% of Portfolio	Years to Maturity	Eff Duration	S&P, Moody, Fitch
3130A0EN6	5,000,000.00	FEDERAL HOME LOAN BANKS	2.875	12/10/2021		5,192,625.00	8,385.42	5,201,010.42	2.615	0.203	2.13	1.446	1.422	AA+ Aaa AAA
3135G0S38	5,000,000.00	FEDERAL NATIONAL MORTGAGE ASSOCIATION	2.000	01/05/2022		5,135,660.00	48,888.89	5,184,548.89	2.048	0.204	2.12	1.517	1.483	AA+ Aaa AAA
3135G0U92	5,000,000.00	FEDERAL NATIONAL MORTGAGE ASSOCIATION	2.625	01/11/2022		5,184,605.00	61,979.17	5,246,584.17	2.590	0.208	2.15	1.534	1.492	AA+ Aaa AAA
3133EKBV7	5,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	2.550	03/01/2022		5,193,590.00	42,500.00	5,236,090.00	2.518	0.225	2.14	1.668	1.631	AA+ Aaa AAA
313378WG2	5,000,000.00	FEDERAL HOME LOAN BANKS	2.500	03/11/2022		5,188,665.00	38,194.44	5,226,859.44	2.361	0.270	2.14	1.695	1.659	AA+ Aaa AAA
3135G0T45	5,000,000.00	FEDERAL NATIONAL MORTGAGE ASSOCIATION	1.875	04/05/2022		5,147,105.00	22,395.83	5,169,500.83	1.111	0.203	2.12	1.764	1.735	AA+ Aaa AAA
3130AEBM1	5,000,000.00	FEDERAL HOME LOAN BANKS	2.750	06/10/2022		5,240,550.00	8,020.83	5,248,570.83	2.840	0.268	2.15	1.945	1.903	AA+ Aaa AAA
9128283C2	5,000,000.00	UNITED STATES TREASURY	2.000	10/31/2022		5,212,500.00	16,847.83	5,229,347.83	1.593	0.175	2.14	2.337	2.285	AA+ Aaa AAA
3130A3KM5	7,000,000.00	FEDERAL HOME LOAN BANKS	2.500	12/09/2022		7,369,565.00	10,694.44	7,380,259.44	2.937	0.327	3.02	2.444	2.379	AA+ Aaa AAA
3135G0T94	5,000,000.00	FEDERAL NATIONAL MORTGAGE ASSOCIATION	2.375	01/19/2023		5,282,945.00	53,437.50	5,336,382.50	3.041	0.153	2.18	2.556	2.468	AA+ Aaa AAA
3133ELMD3	5,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	1.600	02/10/2023	02/10/2021	5,029,200.00	31,333.33	5,060,533.33	1.600	1.371	2.07	2.616	0.373	AA+ Aaa AAA
3133EJFK0	5,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	2.650	03/08/2023		5,315,480.00	41,590.28	5,357,070.28	1.602	0.292	2.19	2.687	2.593	AA+ Aaa AAA
3135G04Q3	5,000,000.00	FEDERAL NATIONAL MORTGAGE ASSOCIATION	0.250	05/22/2023		4,995,035.00	1,354.17	4,996,389.17	0.324	0.284	2.04	2.893	2.881	AA+ Aaa AAA

Holdings by Maturity & Ratings

City of Kirkland | Total Aggregate Portfolio



June 30, 2020

Cusip	Par Amount	Security	Coupon Rate	Maturity Date	Call Date	Market Value	Accrued	Market Value + Accrued	Book Yield	Market Yield	% of Portfolio	Years to Maturity	Eff Duration	S&P, Moody, Fitch
3133EJUS6	5,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	2.875	07/17/2023		5,388,490.00	65,486.11	5,453,976.11	3.069	0.311	2.23	3.047	2.905	AA+ Aaa AAA
313383YJ4	5,000,000.00	FEDERAL HOME LOAN BANKS	3.375	09/08/2023		5,489,520.00	52,968.75	5,542,488.75	3.036	0.288	2.27	3.192	3.025	AA+ Aaa AAA
3135G0U43	5,000,000.00	FEDERAL NATIONAL MORTGAGE ASSOCIATION	2.875	09/12/2023		5,419,570.00	43,524.31	5,463,094.31	2.541	0.241	2.24	3.203	3.059	AA+ Aaa AAA
912828V80	5,000,000.00	UNITED STATES TREASURY	2.250	01/31/2024		5,365,625.00	46,978.02	5,412,603.02	1.602	0.202	2.21	3.589	3.437	AA+ Aaa AAA
3133EKBW5	5,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	2.610	02/27/2024		5,413,520.00	44,950.00	5,458,470.00	2.572	0.334	2.23	3.663	3.486	AA+ Aaa AAA
3130A1XJ2	5,000,000.00	FEDERAL HOME LOAN BANKS	2.875	06/14/2024		5,487,335.00	6,788.19	5,494,123.19	2.025	0.389	2.25	3.958	3.766	AA+ Aaa AAA
3133EKWV4	10,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	1.850	07/26/2024		10,593,180.00	79,652.78	10,672,832.78	1.917	0.381	4.37	4.071	3.910	AA+ Aaa AAA
912828G38	5,000,000.00	UNITED STATES TREASURY	2.250	11/15/2024		5,434,570.00	14,368.21	5,448,938.21	1.688	0.251	2.23	4.378	4.185	AA+ Aaa AAA
3137EAEP0	5,000,000.00	FEDERAL HOME LOAN MORTGAGE CORP	1.500	02/12/2025		5,241,140.00	28,541.67	5,269,681.67	0.553	0.443	2.16	4.621	4.448	AA+ Aaa AAA
3135G03U5	5,000,000.00	FEDERAL NATIONAL MORTGAGE ASSOCIATION	0.625	04/22/2025		5,042,005.00	5,815.97	5,047,820.97	0.532	0.448	2.07	4.810	4.732	AA+ Aaa AAA
Total	236,330,544.89		1.712			243,390,445.89	1,011,000.36	244,401,446.25	1.588	0.293	100.00	1.709	1.610	

This report is for general informational purposes only and is not intended to provide specific advice or recommendations. Government Portfolio Advisors (GPA) is an investment advisor registered with the Securities and Exchange Commission and is required to maintain a written disclosure statement of our background and business experience.

Questions About an Account: GPA's monthly & quarterly reports are intended to detail the investment advisory activity managed by GPA. The custodial bank maintains the control of assets and settles all investment transactions. The custodial statement is the official record of security and cash holdings and transactions. GPA recognizes that clients may use these reports to facilitate record keeping and that the custodial bank statement and the GPA report should be reconciled, and differences documented.

Trade Date versus Settlement Date: Many custodial banks use settlement date basis and post coupons or maturities on the following business days when they occur on weekend. These items may result in the need to reconcile due to a timing difference. GPA reports are on a trade date basis in accordance with GIPS performance standards. GPA can provide all account settings to support the reason for any variance.

Bank Deposits and Pooled Investment Funds Held in Liquidity Accounts Away from the Custodial Bank are Referred to as Line Item Securities: GPA relies on the information provided by clients when reporting pool balances, bank balances and other assets that are not held at the client's custodial bank. GPA does not guarantee the accuracy of information received from third parties. Balances cannot be adjusted once submitted however corrective transactions can be entered as adjustments in the following months activity. Assets held outside the custodial bank that are reported to GPA are included in GPA's oversight compliance reporting and strategic plan.

Account Control: GPA does not have the authority to withdraw or deposit funds from or to any client's custodial account. Clients retain responsibility for the deposit and withdrawal of funds to the custodial account. Our clients retain responsibility for their internal accounting policies, implementing and enforcing internal controls and generating ledger entries or otherwise recording transactions.

Custodial Bank Interface: Our contract provides for the ability for GPA to interface into our client's custodial bank to reconcile transactions, maturities and coupon payments. The GPA client portal will be available to all clients to access this information directly at any time.

Market Price: Generally, GPA has set all securities market pricing to match custodial bank pricing. There may be certain securities that will require pricing override due to inaccurate custodial bank pricing that will otherwise distort portfolio performance returns. GPA may utilize Refinitiv pricing source for commercial paper, discount notes and supranational bonds when custodial bank pricing does not reflect current market levels. The pricing variances are obvious when market yields are distorted from the current market levels.

Amortized Cost: The original cost on the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discounts or premiums are amortized on a straight-line basis on all securities. This can be changed at the client's request.

Callable Securities: Securities subject to redemption in whole or in part prior to the stated final maturity at the discretion of the security's issuer are referred to as "callable". Certain call dates may not show up on the report if the call date has passed or if the security is continuously callable until maturity date. Bonds purchased at a premium will be amortized to the next call date while all other callable securities will be amortized to maturity. If the bond is amortized to the call date, amortization will be reflected to that date and once the call date passes, the bond will be fully amortized.

Duration: The duration is the effective duration. Duration on callable securities is based on the probability of the security being called given market rates and security characteristics.

Benchmark Duration: The benchmark duration is based on the duration of the stated benchmark that is assigned to each account.

Rating: Information provided for ratings is based upon a good faith inquiry of selected sources, but its accuracy and completeness cannot be guaranteed.

Coupon Payments and Maturities on Weekends: On occasion, coupon payments and maturities occur on a weekend or holiday. GPA's report settings are on the accrual basis so the coupon postings and maturities will be accounted for in the period earned. The bank may be set at a cash basis, which may result in a reconciliation variance.

Cash and Cash Equivalents: GPA has defined cash and cash equivalents to be cash, bank deposits, LGIP pools and repurchase agreements. This may vary from your custodial bank which typically defines cash and equivalents as all securities that mature under 90 days. Check with your custodial bank to understand their methodology.

Account Settings: GPA has the portfolio settings at the lot level, if a security is sold our setting will remove the lowest cost security first. First-in-first-out (FIFO) settings are available at the client's request.

Historical Numbers: Data was transferred from GPA's legacy system, however, variances may exist from the data received due to a change of settings on Clearwater. GPA is utilizing this information for historical return data with the understanding the accrual settings and pricing sources may differ slightly.

Financial Situation: In order to better serve you, GPA should be promptly notified of any material change in your investment objective or financial situation.

No Guarantee: The securities in the portfolio are not guaranteed or otherwise protected by GPA, the FDIC (except for non-negotiable certificates of deposit) or any government agency. Investment in securities involves risks, including the possible loss of the amount invested.

