



Ventura Regional Sanitation District Portfolio Review Quarter Ending December 31, 2020

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Markets Weigh Massive Policy Support Against Economic Challenges

◆ Coronavirus

- **Resurgence** in fourth quarter due to colder weather
- Initial distribution of **vaccines**

◆ Economy

- **Recovery** continues
- **Big business** built liquidity cushion
- **Consumers** generally in good shape to drive future spending
- **Impact of pandemic** not felt evenly

◆ Markets

- Markets rally after **presidential election**
- **Fed** committed to strong accommodation
- Additional **fiscal stimulus** on the way



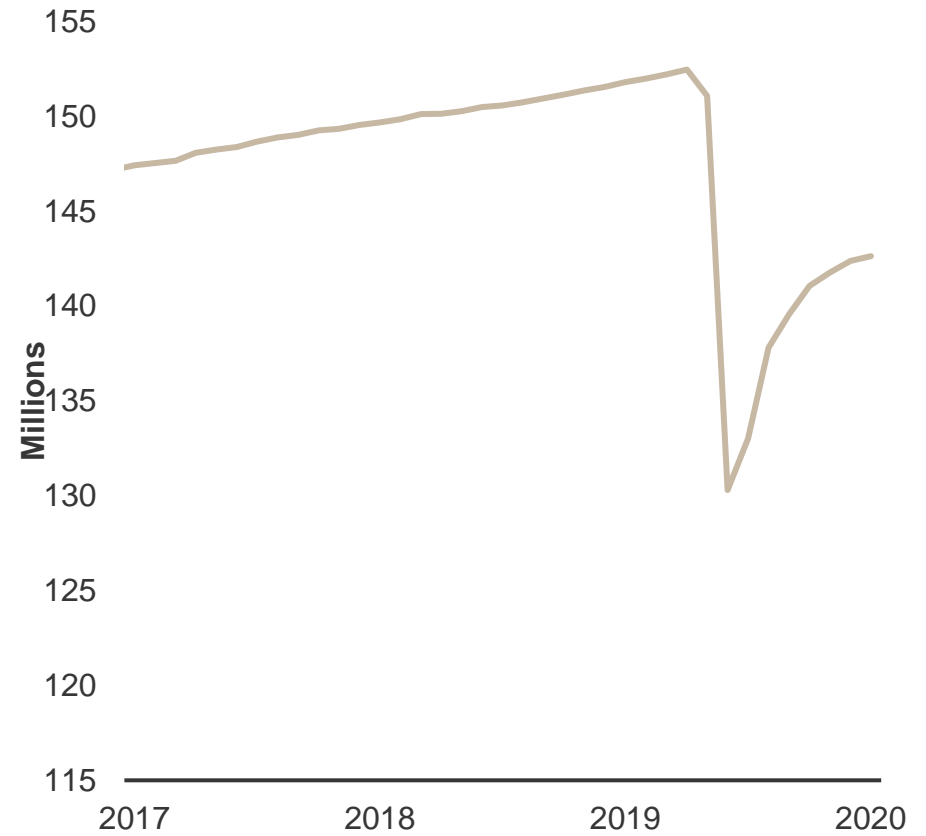


Economy Still Has a Long Road Ahead to Full Recovery

U.S. Real GDP



Total U.S. Employment

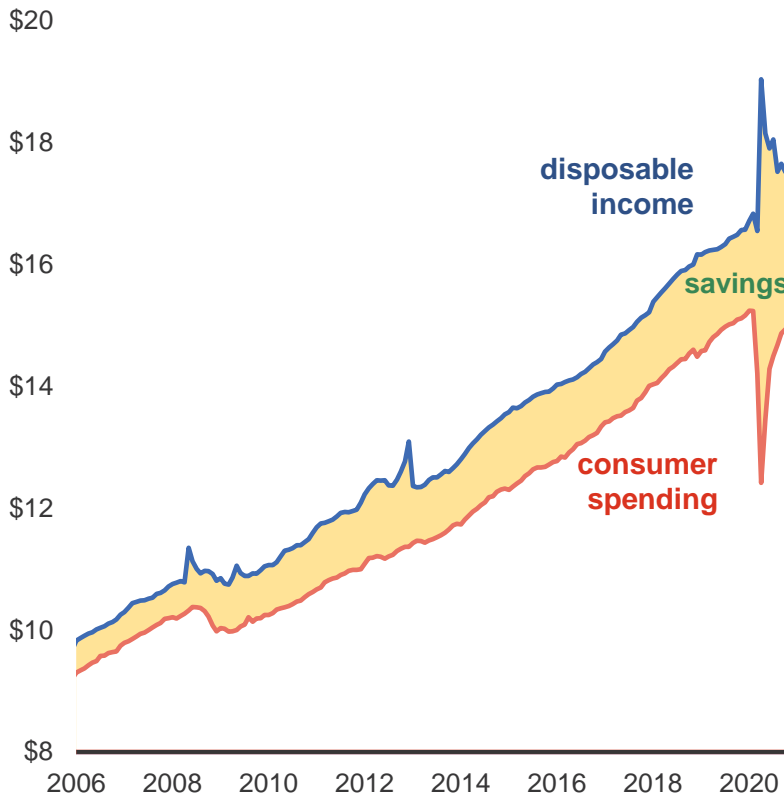


Source: Bloomberg, latest available data as of 12/30/2020. Total U.S. Employment is total non-farm payrolls.

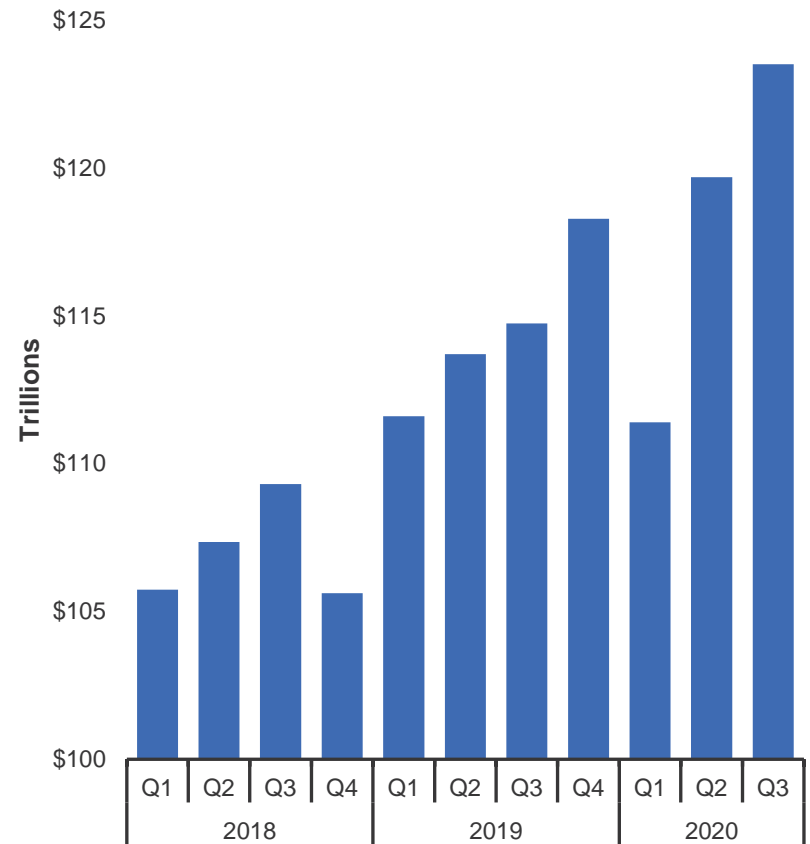


Accumulated Savings and Wealth Are Likely to Fuel Consumer Spending

Personal Savings in U.S. (trillions)



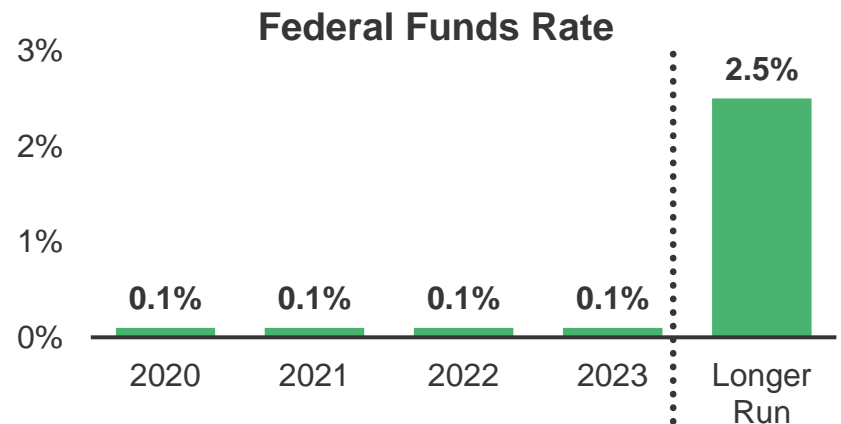
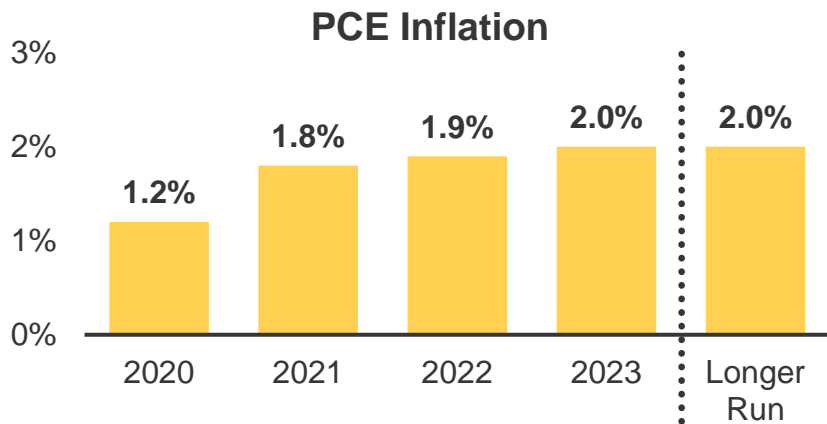
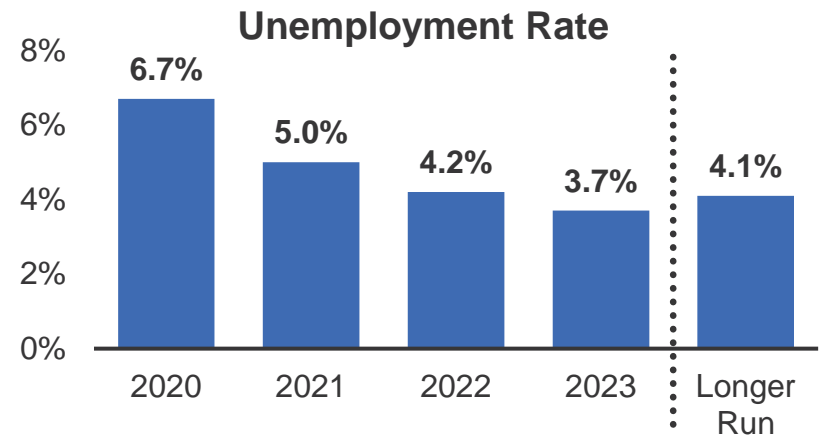
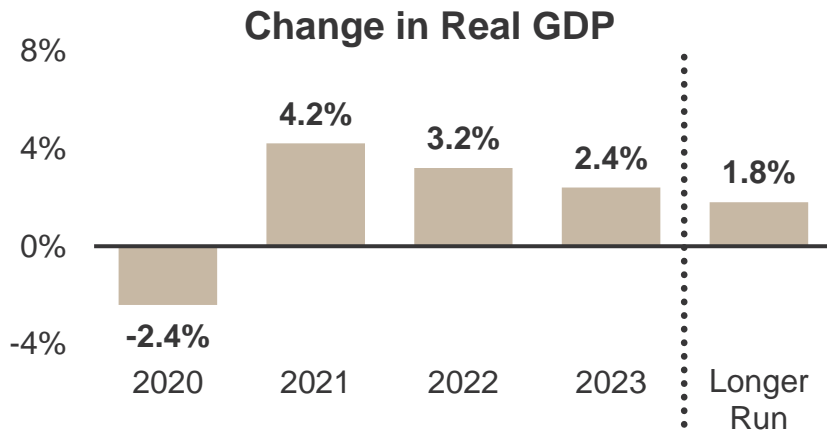
Household Net Worth



Source (left): Federal Reserve, as of December 2020. Sources (right): U.S. Bureau of Economic Analysis and FRED.



Fed Expects Economy to Recover Further in 2021



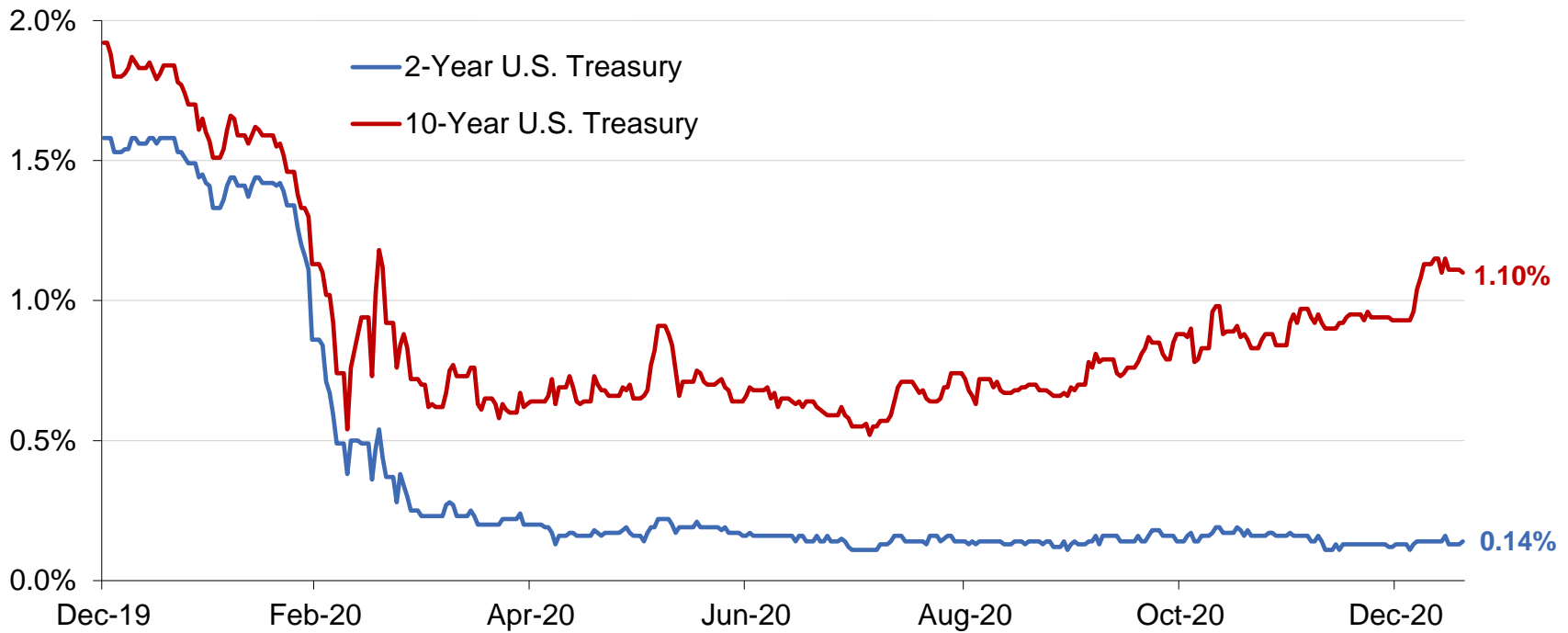
Source: Federal Reserve, economic projections as of December 2020.



U.S. Treasury Yields

- Short-term Treasury yields were relatively unchanged while longer-term yields were up modestly.

Treasury Yield History
December 31, 2019 – January 19, 2021

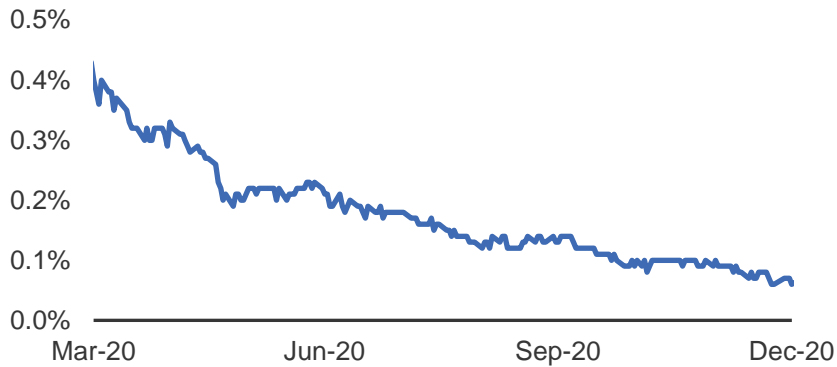


Source: Treasury yields via Bloomberg.

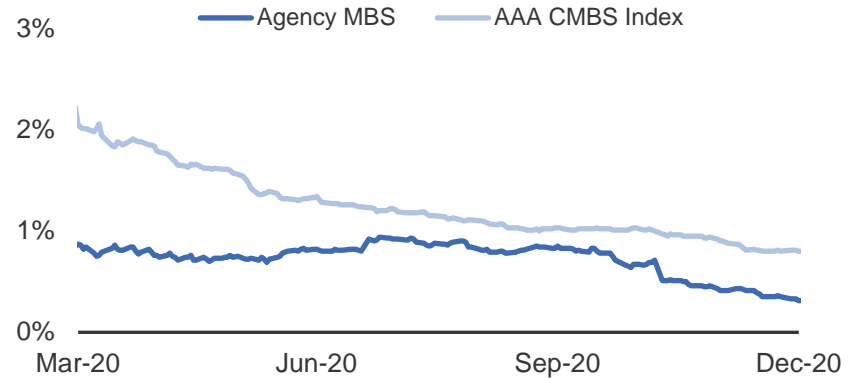


Sector Spreads Tighten Modestly in Fourth Quarter

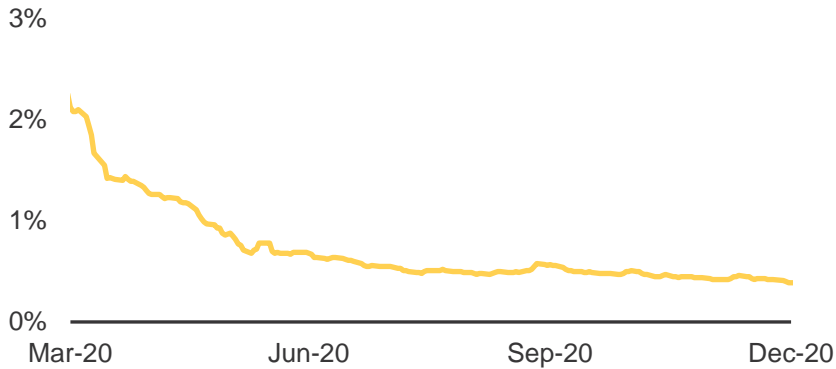
Federal Agency Yield Spreads



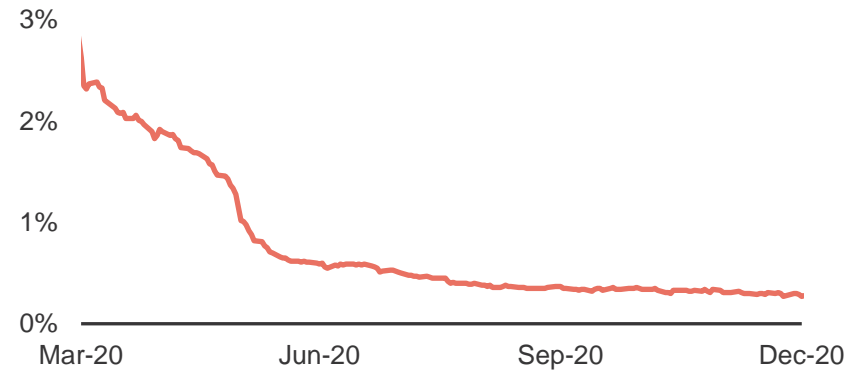
Mortgage-Backed Securities Yield Spreads



Corporate Notes A-AAA Yield Spreads



Asset-Backed Securities Yield Spreads



Source: ICE BofAML 1-5 year Indices via Bloomberg, MarketAxess and PFM as of 12/31/2020. Spreads on ABS and MBS are option-adjusted spreads of 0-5 year indices based on weighted average life; spreads on agencies are relative to comparable-maturity Treasuries. CMBS is Commercial Mortgage-Backed Securities.



Portfolio Sector Allocation and Compliance

- The portfolios are in compliance with the District's Investment Policy and the California Government Code.

Security Type	December 30, 2020	% of Portfolio	% Change vs. 9/30/20	Permitted by Policy	In Compliance
U.S. Treasury	\$13,834,906	37.1%	+30.8%	100%	✓
Federal Agency	\$11,369,972	30.5%	+16.2%	100%	✓
Agency CMO	\$671,513	1.8%	-12.5%	100%	✓
Municipal Bonds	\$2,136,564	5.7%	-8.6%	100%	✓
Supranationals	\$60,034	0.2%	-14.2%	30%	✓
Negotiable CDs	\$2,008,435	5.4%	-9.0%	30%	✓
Corporate Notes	\$5,376,824	14.4%	+0.1%	30%	✓
Asset-Backed	\$1,634,633	4.4%	-0.6%	20%	✓
Securities Sub-Total	\$37,092,881	99.5%	+2.1%		
Accrued Interest	\$156,148				
Securities Total	\$37,249,029				
CAMP Pool	\$182,459	0.5%	-2.1%	20%	✓
Total Managed Investments	\$37,431,489	100.0%			

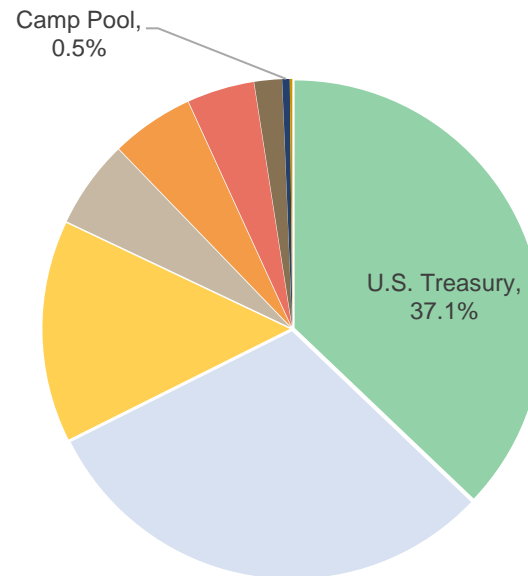
- As of December 31, 2020. Detail may not add to total due to rounding.
- Prepared based on the District's Investment Policy revised December 20, 2018.



Sector and Issuer Distribution

Corporate Issuers (14.4%)	
Morgan Stanley	1.3%
American Honda	1.2%
BB&T	1.2%
JP Morgan Chase	1.1%
John Deere	1.1%
IBM Credit	1.0%
National Rural	0.9%
US Bancorp	0.9%
Walt Disney	0.9%
Caterpillar Financial	0.8%
American Express	0.8%
Apple	0.7%
Charles Schwab	0.6%
Unilever Capital	0.6%
Pepsi Inc	0.5%
Hershey Co	0.5%
Home Depot	0.3%
Paccar Financial	0.2%

Supranational Issuers (0.2%)	
Int'l Finance Corp	0.2%



Municipal Issuers (5.7%)	
State of California	2.0%
Ventura CCD	1.0%
State of Arizona	1.0%
Tamalpais UHSD	0.7%
State of Wisconsin	0.7%
San Diego CCD	0.3%

ABS Issuers (4.4%)	
Capital One Multi-Asset Trust	1.1%
Discover Financial Services	0.7%
Nissan Auto Trust	0.5%
Toyota Auto Trust	0.5%
GM Financial	0.5%
CarMax	0.4%
Fifth Third Auto Trust	0.3%
Ally Auto Receivables	0.3%
Mercedes-Benz Receivables	0.2%
John Deere Capital	<0.1%
Ford Credit Lease	<0.1%

CD Issuers (5.4%)	
MUFG Bank NY	1.0%
Société General NY	1.0%
Skandinav Enskilda NY	0.9%
Nordea Bank NY	0.9%
Credit Suisse NY	0.7%
RBOC NY	0.5%
Sumitomo Mitsui NY	0.5%

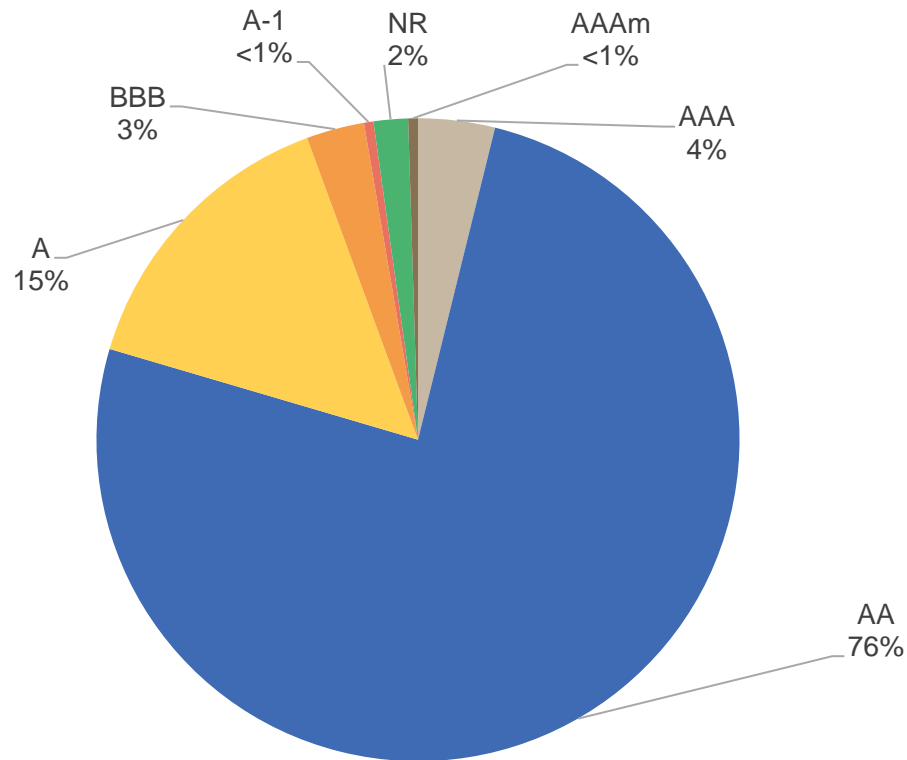
Agency Issuers (30.5%)	
FHLMC	12.5%
FNMA	12.0%
FHLB	7.4%
FFCB	0.5%

- As of December 31, 2020.
- Excludes accrued interest.
- Detail may not add to totals due to rounding.



Credit Quality

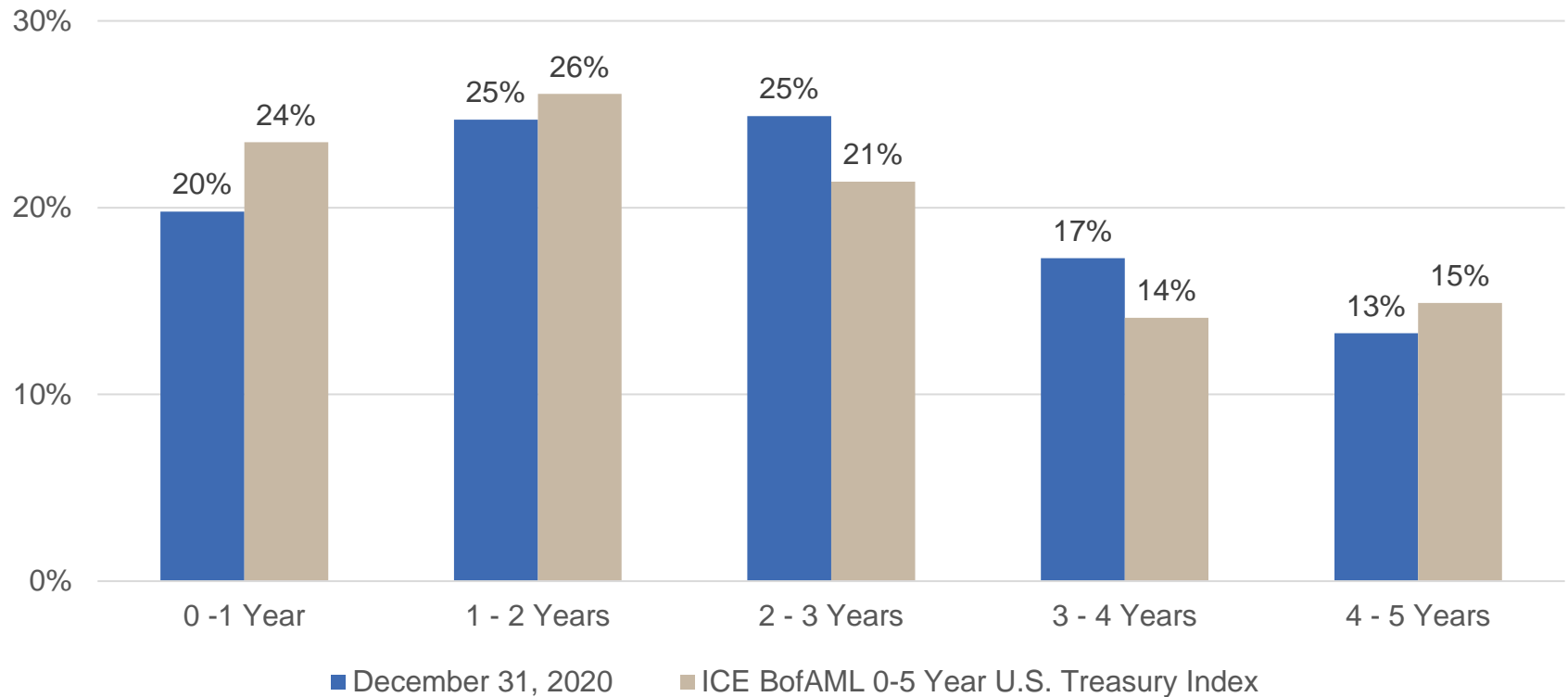
- The District's aggregate portfolio has an average credit quality of AA.



- As of December 31, 2020. Percentages may not total 100% due to rounding.
- Securities rated BBB+ by S&P are rated A- or the equivalent or better by Fitch and/or Moody's.
- Securities Not Rated by S&P are asset-backed securities rated Aaa by Moody's.



Maturity Distribution



- ICE BofAML Indices by Bloomberg.
- Detail may not total to 100% due to rounding.
- Includes CAMP pool balances as of 12/31/20.
- Callable securities in the portfolio are included in the distribution analysis to their stated maturity date, although they may be called prior to maturity.



Portfolio Performance

- The portfolios continue to perform well relative to the benchmark.

Portfolio Durations, Total Rates of Return, and Yields For periods ending December 31, 2020

	Duration (years)	Total Returns				Yield to Maturity at Cost
		Past Quarter	Past Year	Past 5 Years	Since Inception	
Total Portfolio	2.13	0.18%	3.88%	2.37%	2.46%	1.60%
Main	2.13	0.17%	3.90%	2.27%	2.48%	1.65%
Toland	2.12	0.19%	3.85%	2.42%	2.49%	1.59%
Coastal	2.15	0.19%	3.91%	2.42%	2.47%	1.57%
Bailard	2.14	0.19%	3.91%	2.40%	2.32%	1.52%
ICE BofAML 0-5 Year U.S. Treasury Index	2.11	0.02%	3.01%	2.13%	2.32%	

- Performance on trade-date basis, gross (i.e., before fees), in accordance with the CFA Institute's Global Investment Performance Standards (GIPS).
- Includes CAMP pool balances in performance and duration computations.
- Quarterly returns are presented on an unannualized basis. Performance numbers for periods greater than one year are presented on an annualized basis.
- ICE BofAML Indices provided by Bloomberg.
- Inception date for the combined portfolio is 6/30/2007 and is the case for all individual portfolios except for the Main portfolio which has an inception date of 12/31/2006.



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It is not possible to invest directly in an index. The index returns shown throughout this material do not represent the results of actual trading of investor assets. Third-party providers maintain the indices shown and calculate the index levels and performance shown or discussed. Index returns do not reflect payment of any sales charges or fees an investor would pay to purchase the securities they represent. The imposition of these fees and charges would cause investment performance to be lower than the performance shown.

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