



Ventura Regional Sanitation District Portfolio Review Quarter Ending June 30, 2021

Item # 5

PFM Asset
Management LLC

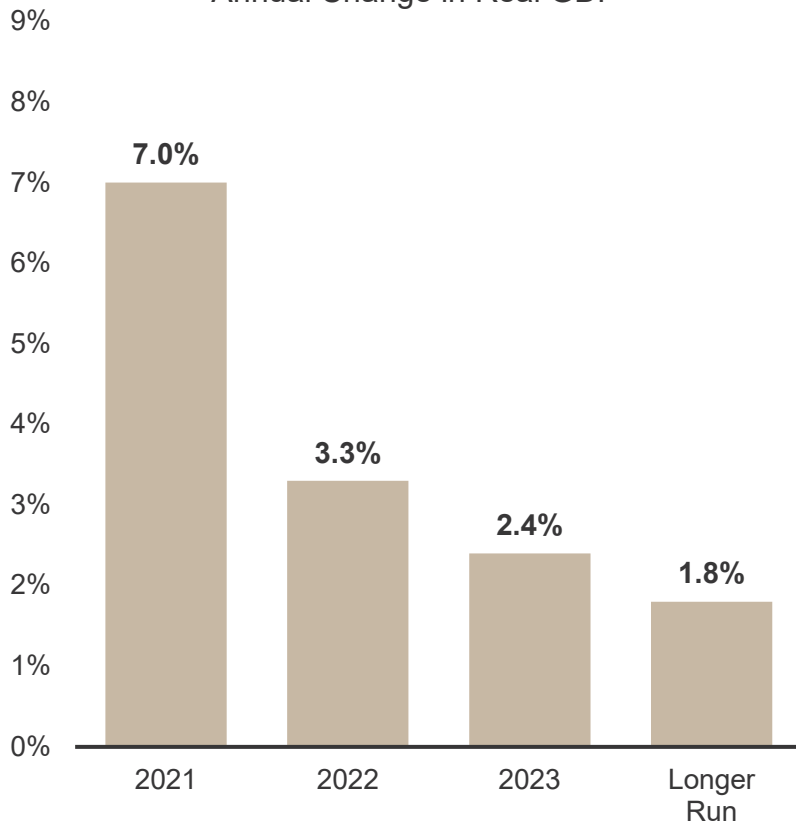
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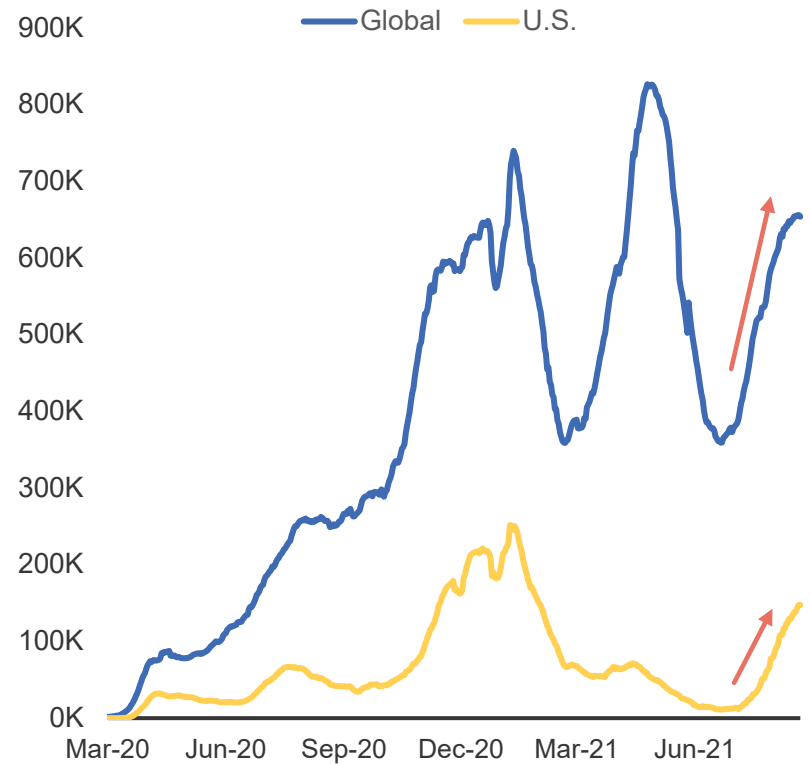


COVID Variants Presenting a Greater Concern for Economic Growth

Federal Reserve Projections Annual Change in Real GDP



U.S. New Cases Reported Daily 7-Day Moving Average

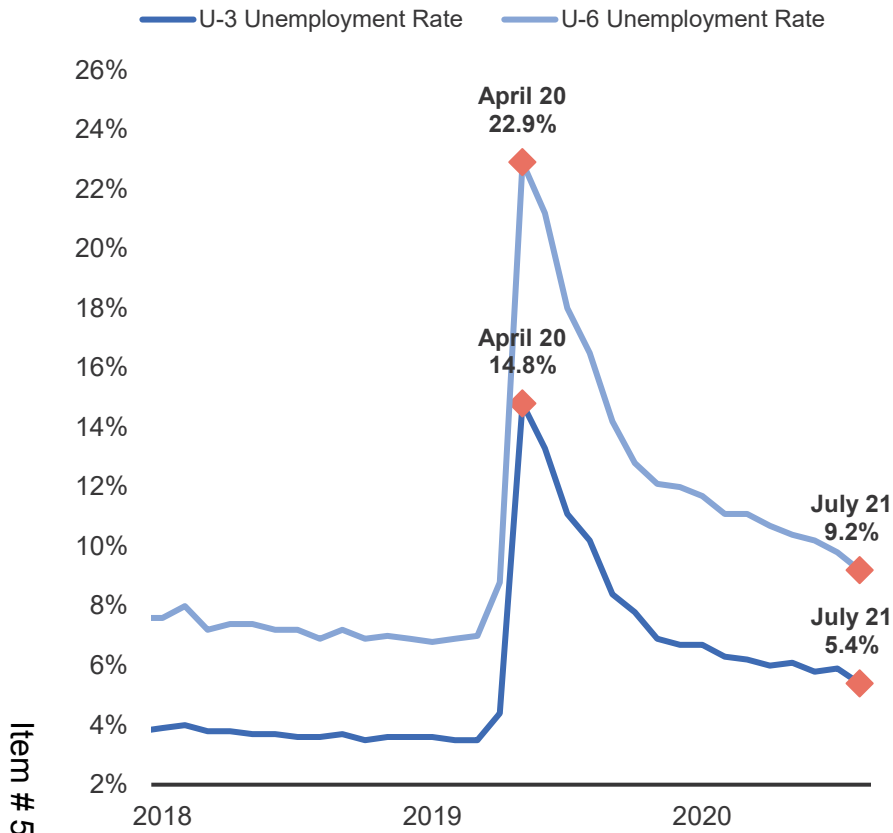


Source: Federal Reserve June 2021 Economic Projections. John Hopkins University Coronavirus Resource Center, PFM calculations; as of 8/23/2021.

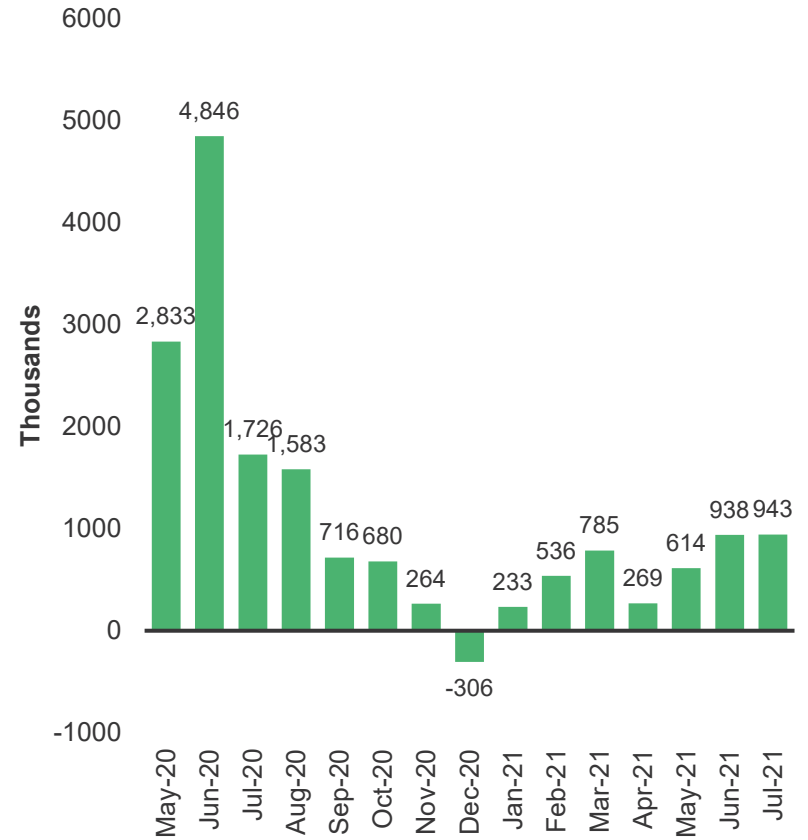


U.S. Economy Added 943,000 Jobs in July, Jobless Rate Falls to 5.4%

Unemployment Rate



Nonfarm Payrolls MoM



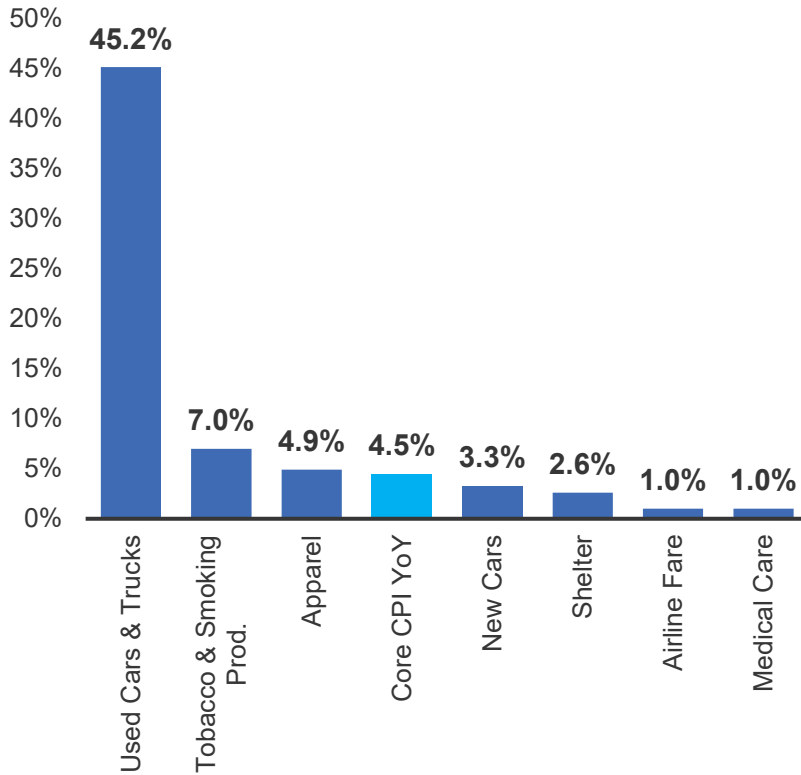
Source: Bloomberg, as of 8/06/2021. Data is seasonally adjusted.



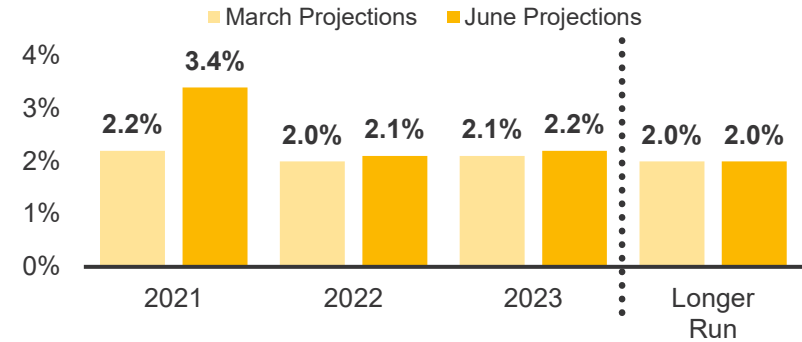
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Inflation Strengthens but Driven by a Few Key Sectors

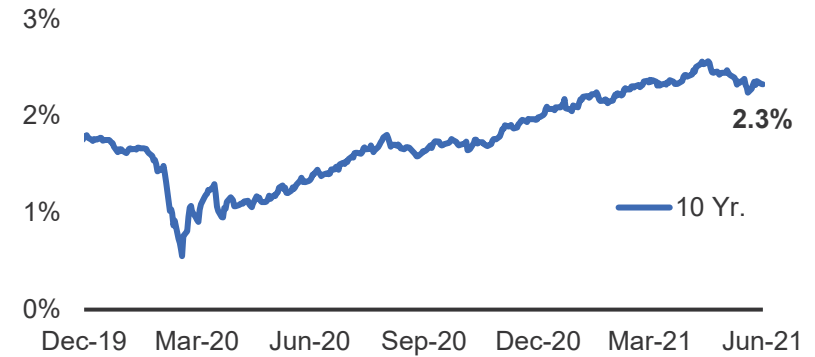
YOY Price Change in Key Consumer Price Index Components (June 2021)



Federal Reserve Projections Core PCE Inflation



Breakeven Inflation Rates

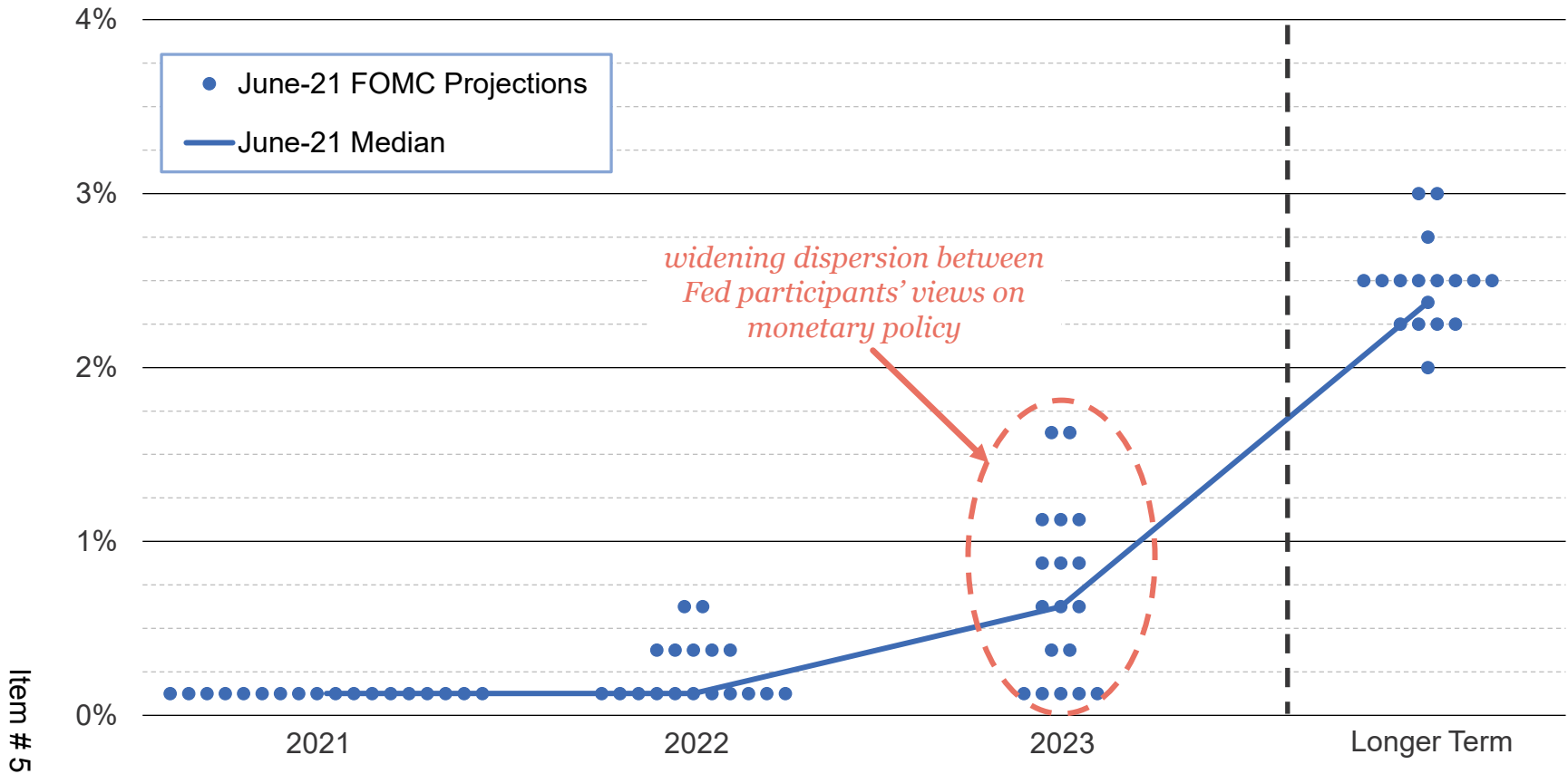


Source: Bloomberg, as of June 30, 2021.



Fed's "Dot Plot" Reflects Evolving Monetary Policy Views

Fed Participants' Assessments of 'Appropriate' Monetary Policy



Source: Federal Reserve and Bloomberg. Individual dots represent each Fed members' judgement of the midpoint of the appropriate target range for the federal funds rate at each year-end.



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Long-Term Yields Falling Despite Inflation Fears and Possible Tapering

2-Year Treasury Yield



10-Year Treasury Yield

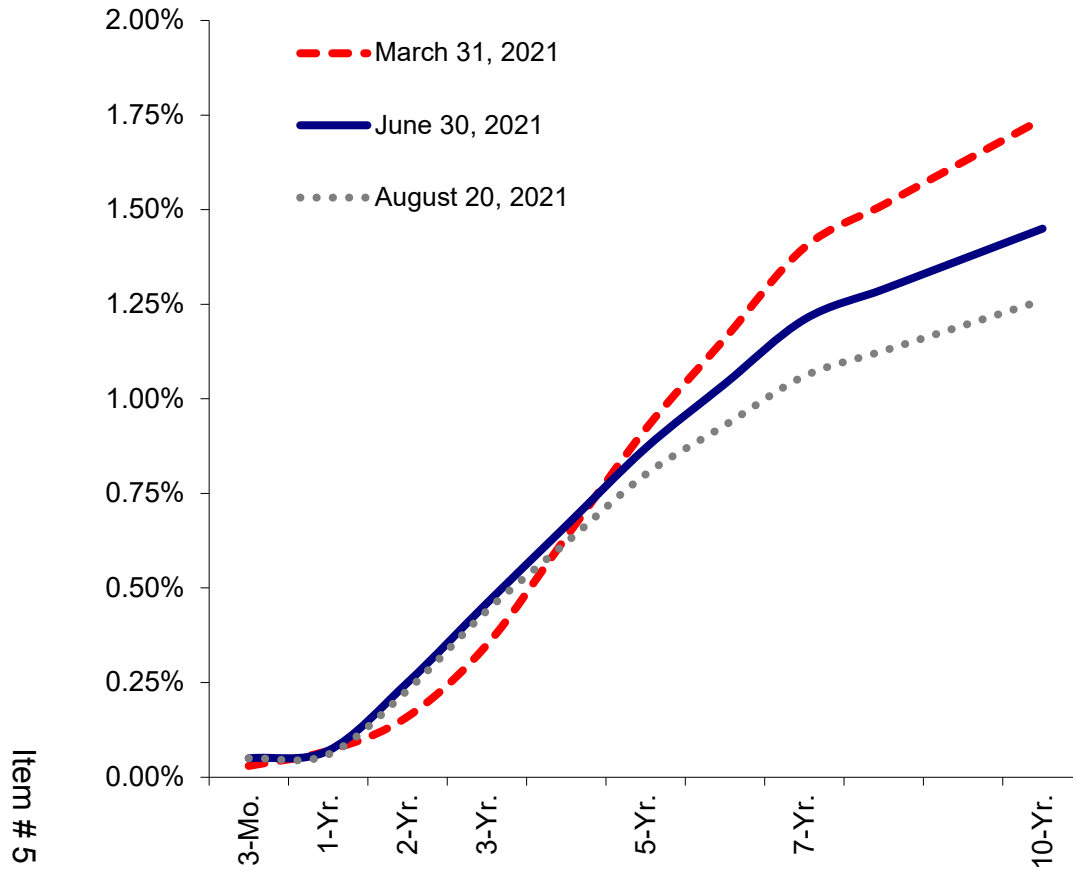


Source: Bloomberg, as of 8/20/2021.



Treasury Yield Curve Flattens

U.S. Treasury Yield Curve



Maturity	March 31, 2021	June 30, 2021	August 20, 2021
3-Mo.	0.03%	0.05%	0.05%
1-Yr.	0.07%	0.07%	0.06%
2-Yr.	0.16%	0.25%	0.23%
3-Yr.	0.35%	0.46%	0.44%
5-Yr.	0.92%	0.87%	0.80%
7-Yr.	1.40%	1.21%	1.06%
10-Yr.	1.74%	1.45%	1.26%

Source: Bloomberg, as of 8/20/2021.

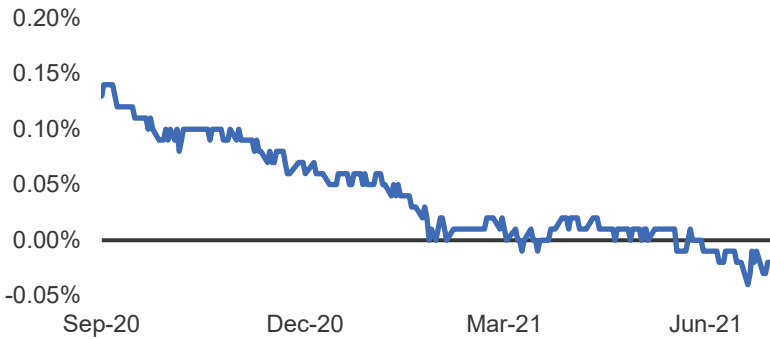


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Most Sector Spreads Are Marginally Wider; Still Near Record Tights

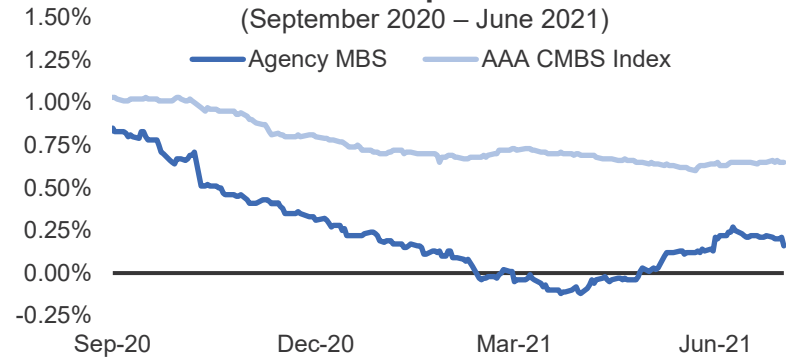
Federal Agency Yield Spreads

(September 2020 – June 2021)



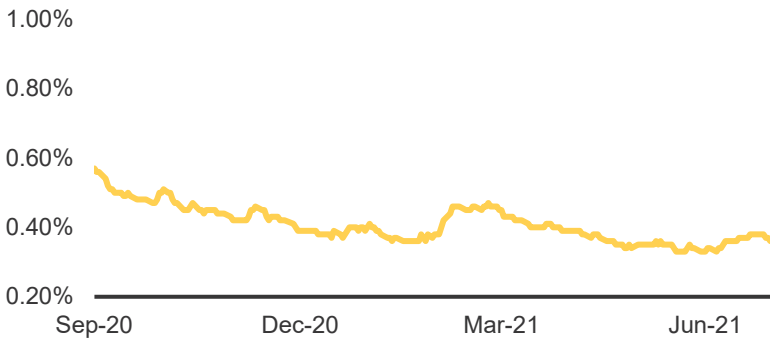
Mortgage-Backed Securities (MBS) Yield Spreads

(September 2020 – June 2021)



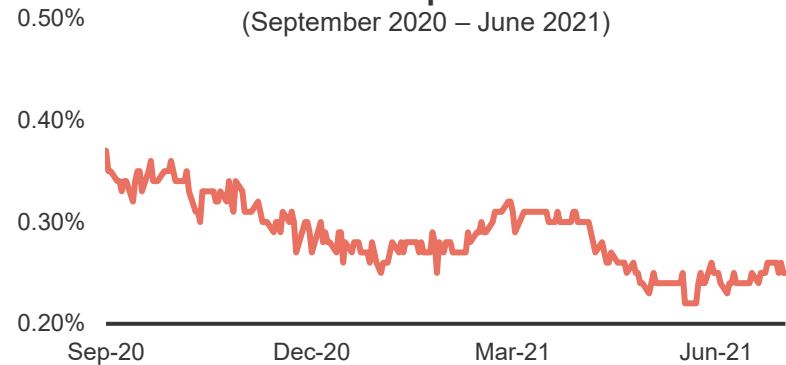
Corporate Notes A-AAA Yield Spreads

(September 2020 – June 2021)



Asset-Backed Securities (ABS) Yield Spreads

(September 2020 – June 2021)



Source: ICE BofAML 1-5 year Indices via Bloomberg, MarketAxess and PFM as of 7/31/2021. 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	June 30, 2021	% of Portfolio	% Change vs. 3/31/21	Permitted by Policy	In Compliance
U.S. Treasury	\$14,039,071	38.8%	+1.6%	100%	✓
Federal Agency	\$8,294,760	22.9%	-	100%	✓
Agency CMO	\$514,313	1.4%	-0.1%	100%	✓
Municipal Bonds	\$1,708,220	4.7%	-0.9%	100%	✓
Supranationals	\$472,456	1.3%	+0.1%	30%	✓
Negotiable CDs	\$1,548,058	4.3%	+0.2%	30%	✓
Corporate Notes	\$4,506,523	12.4%	+0.5%	30%	✓
Asset-Backed	\$1,341,987	3.7%	-0.1%	20%	✓
Securities Sub-Total	\$32,425,388	89.5%			
Accrued Interest	\$124,413				
Securities Total	\$32,549,802				
CAMP Pool	\$3,787,909	10.5%	-1.2%	100%	✓
Total Managed Investments	\$36,337,711	100.0%			

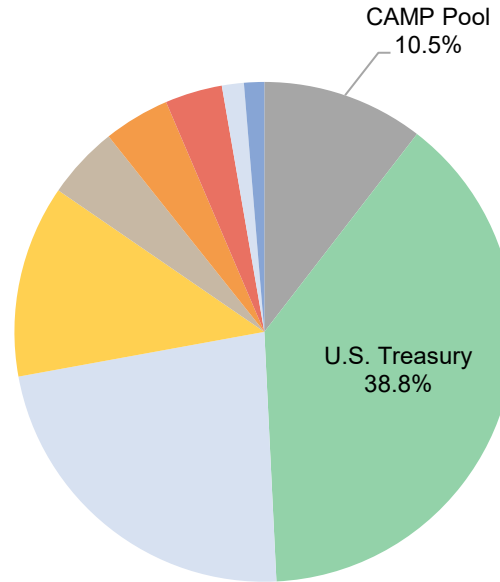
- As of June 30, 2021. Detail may not add to total due to rounding. Excludes funds in LAIF or the county pool.
- Prepared based on the District's Investment Policy revised December 20, 2018.



Item # 5 Sector and Issuer Distribution

Corporate Issuers (12.4%)	
Morgan Stanley	1.3%
BB&T Corporation	1.2%
JPMorgan Chase & Co	1.1%
American Honda Finance	0.9%
US Bancorp	0.9%
The Walt Disney Corporation	0.9%
Deere & Company	0.9%
Caterpillar Inc	0.8%
American Express Co	0.8%
Goldman Sachs Group Inc	0.7%
Amazon.Com Inc	0.6%
Unilever Plc	0.6%
PepsiCo Inc	0.5%
Apple Inc	0.5%
Home Depot Inc	0.3%
Paccar Financial Corp	0.2%
Citigroup Inc	0.2%

Supranational Issuers (1.3%)	
Inter-American Development Bank	1.3%



Municipal Issuers (4.7%)	
Ventura CCD	1.0%
State of Arizona	1.0%
State of California	0.9%
Tamalpais UHSD	0.8%
State of Wisconsin	0.7%
San Diego CCD	0.3%

ABS Issuers (3.7%)	
Capital One Financial Corp	1.1%
Discover Financial Services	0.7%
Toyota Motor Corp	0.4%
CarMax Auto Owner Trust	0.3%
Mercedes-Benz Auto Lease Trust	0.3%
Nissan Auto Receivables	0.3%
Gm Financial Securitized Term	0.2%
Fifth Third Auto Trust	0.2%
Mercedes-Benz Auto Receivables	0.1%
Ally Auto Receivables Trust	0.1%
Gm Financial Auto Leasing Trust	0.1%

CD Issuers (4.3%)	
Mitsubishi UFJ Financial Group Inc	1.1%
Société Générale	1.0%
SEB Group	0.9%
Nordea Bank	0.9%
Sumitomo Mitsui NY	0.5%

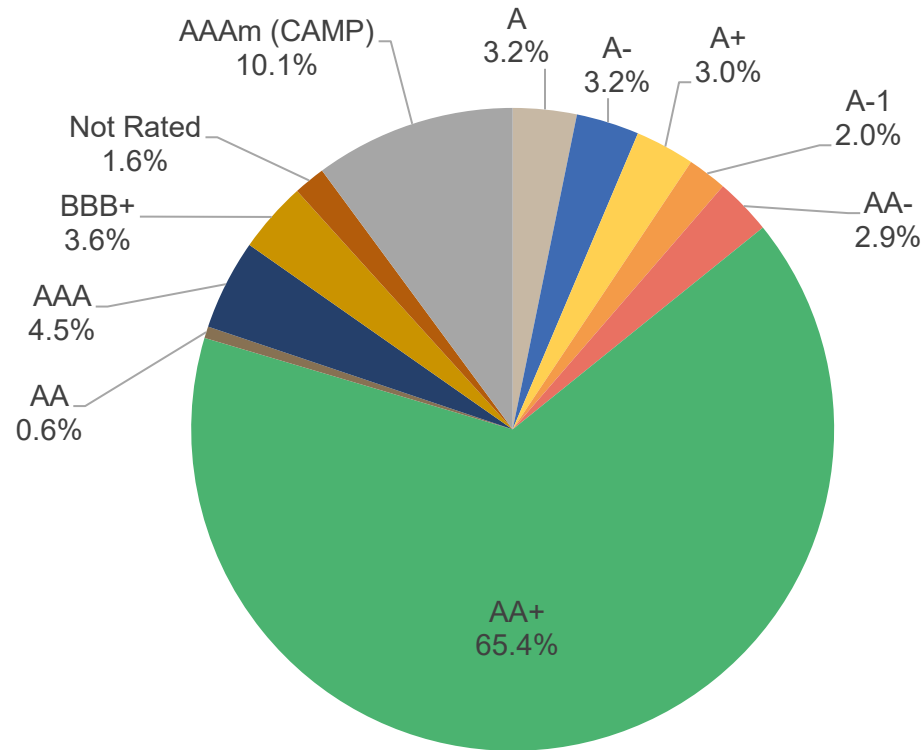
Agency Issuers (24.3%)	
FNMA	9.5%
FHLMC	9.2%
FHLB	5.3%
FFCB	0.3%

- As of June 30, 2021.
- 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.



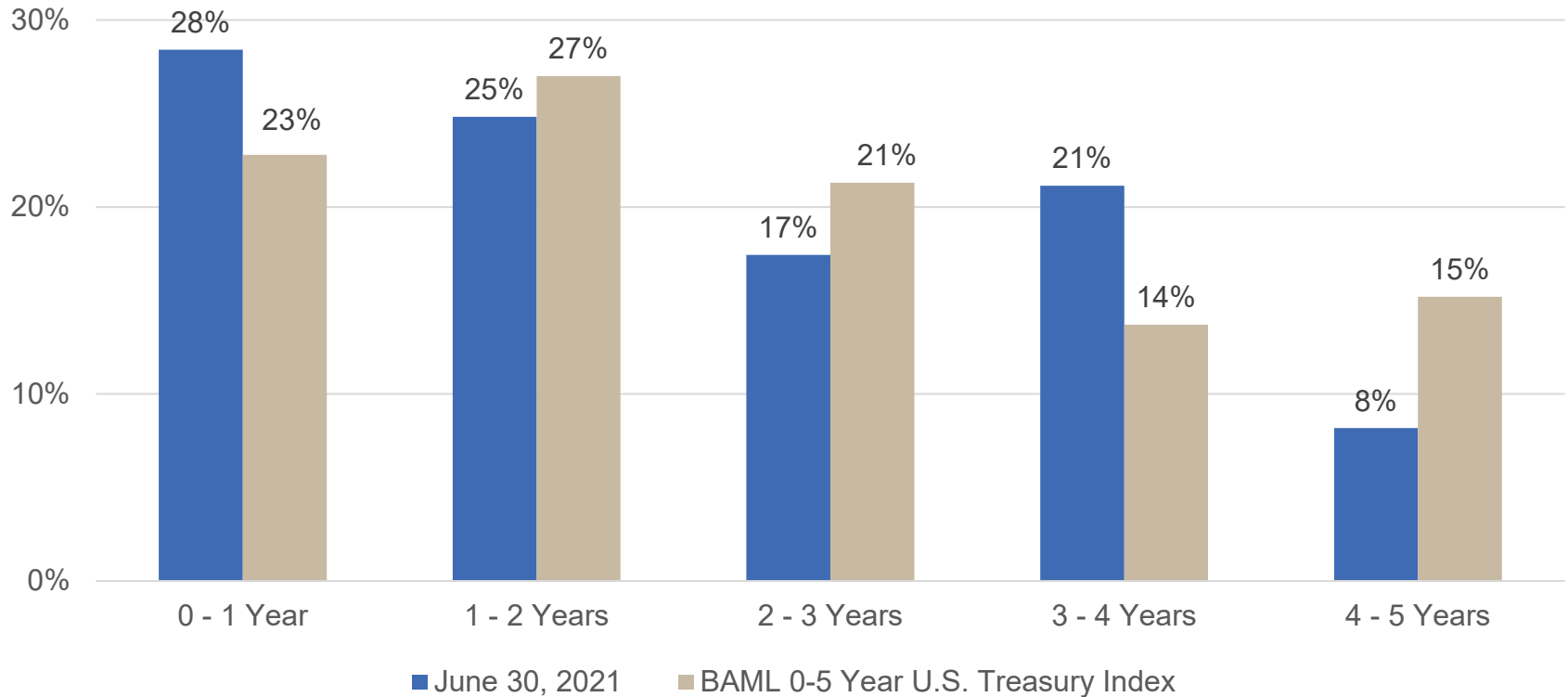
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- As of June 30, 2021. Percentages may not total 100% due to rounding.
- Securities rated BBB+ by S&P are rated A- or the equivalent or better by Fitch and/or Moody's.
- Securities Not Rated by S&P are asset-backed securities rated Aaa by Moody's.



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Maturity Distribution



- ICE BofAML Indices by Bloomberg.
- Detail may not total to 100% due to rounding.
- Includes CAMP pool balances as of 06/30/21.
- Callable securities in the portfolio are included in the distribution analysis to their stated maturity date, although they may be called prior to maturity.
- The Main portfolio is no longer managed to the 0-5 Year Benchmark, but instead it is being managed to meet to the District's cash flow requirements.



Portfolio Performance

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

Portfolio Durations, Total Rates of Return, and Yields For periods ending June 30, 2021

	Duration (years)	Total Returns				Yield to Maturity at Cost
		Past Quarter	Past Year	Past 5 Years	Since Inception	
Total Portfolio	2.04	0.11%	0.21%	1.99%	2.37%	1.42%
Main	1.79	0.08%	0.17%	1.98%	2.38%	1.62%
Toland	2.16	0.13%	0.23%	2.00%	2.39%	1.37%
Coastal	2.14	0.14%	0.24%	2.01%	2.37%	1.33%
Bailard	2.15	0.13%	0.25%	1.98%	2.31%	1.19%
ICE BofAML 0-5 Year U.S. Treasury Index	2.13	0.09%	-0.18%	1.68%	2.21%	

- 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.
- The Main portfolio is no longer managed to the 0-5 Year Benchmark, but instead it is being managed to meet to the District's cash flow requirements.

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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.

PFM Asset Management LLC has exercised reasonable professional care in the preparation of this performance report. However, information in this report on market indices and security characteristics, as well as information incorporated in the Market Commentary section, is received from sources external to PFM Asset Management LLC.

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