

## Exhibit A

### Investment Portfolio Review

### Quarter Ending June 30, 2020

#### OVERVIEW

April 1, 2020 – June 30, 2020

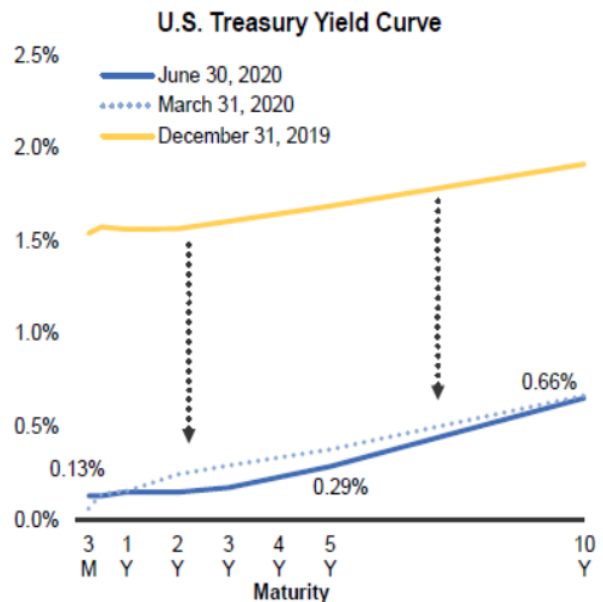
In this final quarter of the fiscal year, the U.S. economy suffered a deep economic recession due to the COVID-19 pandemic. We saw over 40 million Americans applying for unemployment and country-wide protests against racial injustice. Towards the end of the quarter an easing in lockdown measures started to prompt signs of an initial recovery. As the U.S. begins to enter the second half of 2020, markets continue to remain volatile as concerns about a second wave of COVID-19 leaves investors questioning how long it will take for market conditions to recover in the long term.

#### U.S. TREASURY YIELD CURVE

- Yields remained relatively stable throughout the quarter, settling at historical lows.
- The yield curve steepened slightly, driven by less pessimistic economic data and huge Treasury issuance.

	2Q2020 6/30/20	1Q2020 3/31/20	QoQ Change
3 month	0.13%	0.09%	+0.04%
1 year	0.15%	0.15%	0.0%
2 year	0.15%	0.25%	-0.10%
3 year	0.18%	0.29%	-0.11%
5 year	0.29%	0.38%	-0.09%
10 year	0.66%	0.67%	-0.01%
30 year	1.41%	1.32%	+0.09%

Source: Bloomberg, as of 6/30/20.



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- The 2-year Treasury decreased by 10 basis points (0.10%) during the quarter to end the quarter at 0.15%.



Source: Bloomberg, as of 6/30/20.

The County Treasury investments continue to focus on capturing relative value while remaining cautious. The following indicators reflect key aspects of the investment portfolio in light of the above noted conditions:

1. Market Access – During the quarter, investment purchases for the portfolio included Federal Agencies, Municipal Bonds and Corporate Notes. The Treasurer continues to keep a higher level of liquid assets reflecting the need to maintain levels of available cash to ensure the ability to meet all cash flow needs.
2. Diversification - The Monterey County Treasurer’s portfolio consists of 192 separate fixed income investments, all of which are authorized by the State of California Government Code 53601 and the Investment Policy.

The portfolio asset spread is detailed in the table below:

Portfolio Asset Composition							
Corporate Notes	Negotiable CDs	Overnight Liquid Assets	US Treasuries	Federal Agencies	Commercial Paper	Supranationals	Municipal Bonds
14.3%	2.1%	20.5%	49.9%	9.0%	3.2%	0.9%	<0.1%

- Total may not equal 100% due to rounding

3. Credit Risk – Approximately 84.7% of the investment portfolio is comprised of U.S. Treasuries, Federal Agency securities, Negotiable CDs and other liquid funds. All assets have a better than investment grade rating. U.S. Treasuries are not specifically rated, but are considered the safest of all investments. All corporate debt (14.3%) is rated in the higher levels of investment grade and all Federal Agency and Municipal holdings are rated AA. The Supranational (0.9%) is rated AAA. The credit quality of the Treasurer’s portfolio continues to be high.

The portfolio credit composition is detailed in the table below:

Portfolio Credit Composition								
AAA	AAAm	AA	A	A-1 (Short Term)	Aaf/S1+ (CalTRUST)	BBB+ (split rated)	Not Rated LAIF	Not Rated by S&P
0.9%	11.8%	62.8%	10.2%	4.7%	4.6%	0.5%	4.1%	0.3%

• Total may not equal 100% due to rounding

4. Liquidity Risk – Liquidity risk, as measured by the ability of the County Treasury to meet withdrawal demands on invested assets, was actively managed during the April - June quarter. The portfolio’s average weighted maturity was 307 days, and the Treasurer maintained \$375M (21%) in overnight investments to provide immediate liquidity to be able to react quickly to unanticipated needs or opportunities in the current volatile environment. In addition, the Treasurer maintained \$851M (47%) in securities with maturities under a year to provide additional enhanced liquidity.

### PORTFOLIO CHARACTERISTICS

	<u>March 31, 2020</u>	<u>June 30, 2020</u>
Total Assets	\$1,817,425,030.14	\$1,805,293,911.87
Market Value	\$1,814,484,769.93	\$1,803,857,359.57
Days to Maturity	278	307
Yield	2.25%	1.89%
Estimated Earnings	\$10,116,975.49	\$9,031,433.43

Given the volatile market environment due to the COVID-19 pandemic, the Treasury has a “hold and see” approach leaving maturing investments in short-term accounts for potential liquidity needs. As the situation continues to unfold, the portfolio will continue to be actively managed under the established tenets of safety and liquidity while seeking to maximize the rate of return.