

City of Palm Coast, Florida Agenda Item

Agenda Date: April 14, 2026

Agenda Item: E.1

Department FINANCE Division FINANCE	Amount Org/Account #
Subject: PRESENTATION - ANNUAL INVESTMENT REPORT	
Presenter: Helena Alves, CGFO,CIA,MBA, Director of Finance	
Attachments: 1. Presentation	
Background: <p>As per the City's investment policy, revised in August 2022 through resolution 2022-103, each year the Financial Services Director shall submit to the City Council, a written report on all invested funds. The annual report shall include, but not be limited to the following: A complete list of all invested funds, name or type of security in which the funds are invested, the amount invested, maturity date, earned income, book value, market value, and yield on each investment.</p> <p>The annual report will show performance on both a book value and total rate of return basis and will compare the results to the performance benchmarks.</p> <p>The City's investment advisor, Datnilza "Dani" Metz, from PFM Asset Management, LLC will present the annual report.</p>	
Recommended Action: FOR PRESENTATION ONLY	

City of Palm Coast

Annual Presentation to the Council

April 14, 2026

Datnilza “Dani” Metz, CTP
Institutional Sales & Relationship Manager

Leslie Weaber
Institutional Sales & Relationship Manager

Our Perspectives Align with Your Goals

Philosophy

- Safety* Preserve capital with high-quality investments
- Liquidity* Plan for and provide liquidity as needed
- Yield* Seek to increase earnings through disciplined portfolio strategy

Approach

Portfolios are designed to match our clients' specific investment needs.

We seek to achieve strong results by:

- 1 Understanding our clients' investment objectives
- 2 Carefully matching maturities to the client's cash flow needs
- 3 Limiting investments to those of high quality
- 4 Selecting investments based on relative value
- 5 Utilizing low-risk portfolio management techniques to add value



Investment Policy Review Process and Scope

PFMAM's review framework consists of three components



Initially

Examine current policy in relation to:

- Industry standards and best practices
- Code requirements
- Diversification and maturity standards
- Risk tolerance and preferences
- Reporting standards and requirements

Annually

- Review and address changes to Code
- Re-evaluate authorized list of investments
- Re-evaluate maturity limits and benchmark
- Discuss strategy implementation

Ongoing

- Monitor and enforce compliance
- Monitor changes to Code and best practices
- Provide accurate and timely information

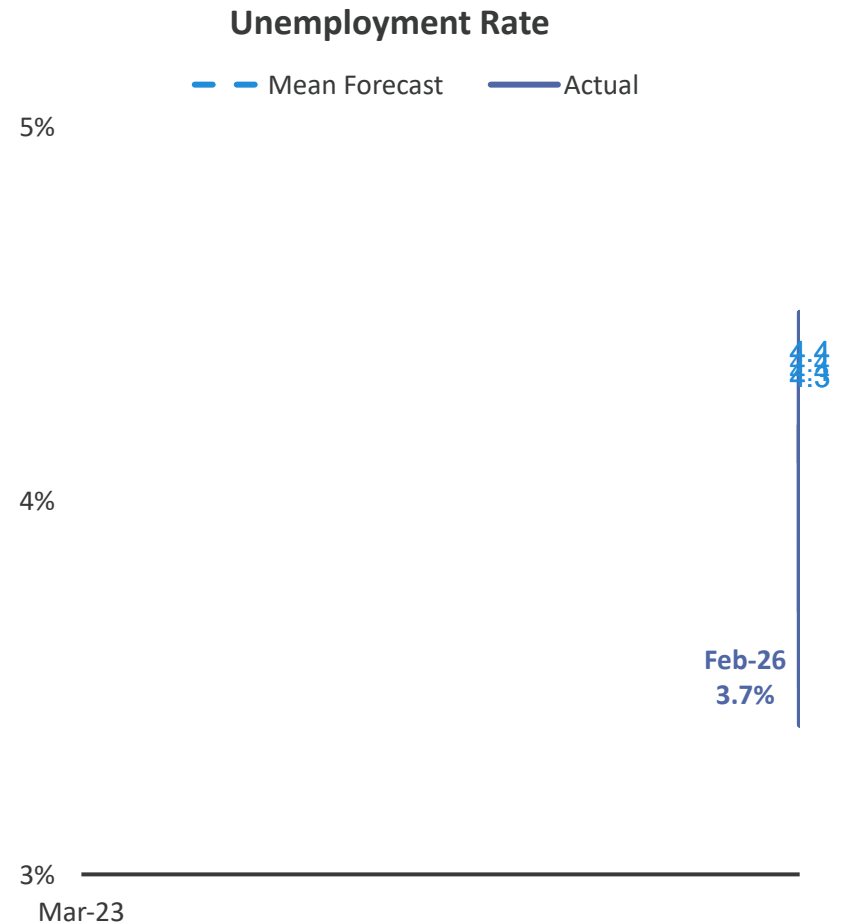
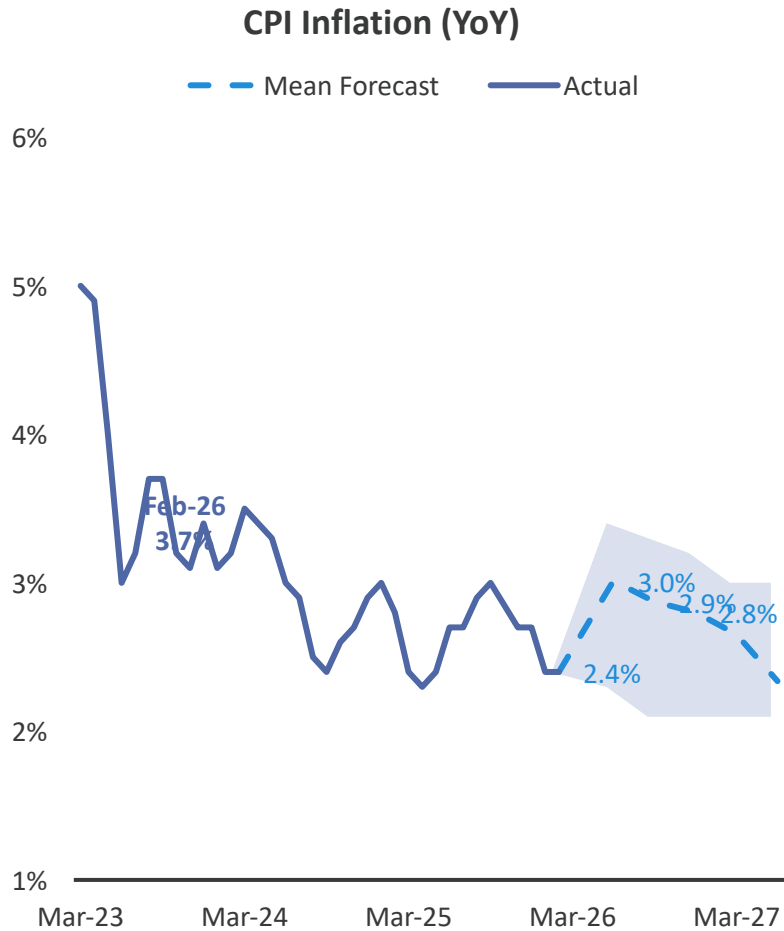
1. See [flsenate.gov](https://www.flsenate.gov) for details on Chapter 218, Section 415: Local Government Investment Policies
2. <https://aptusc.memberclicks.net/investment-policy-certification>
3. <https://www.gfoa.org/materials/investment-policy>

Economic Update

March 2026

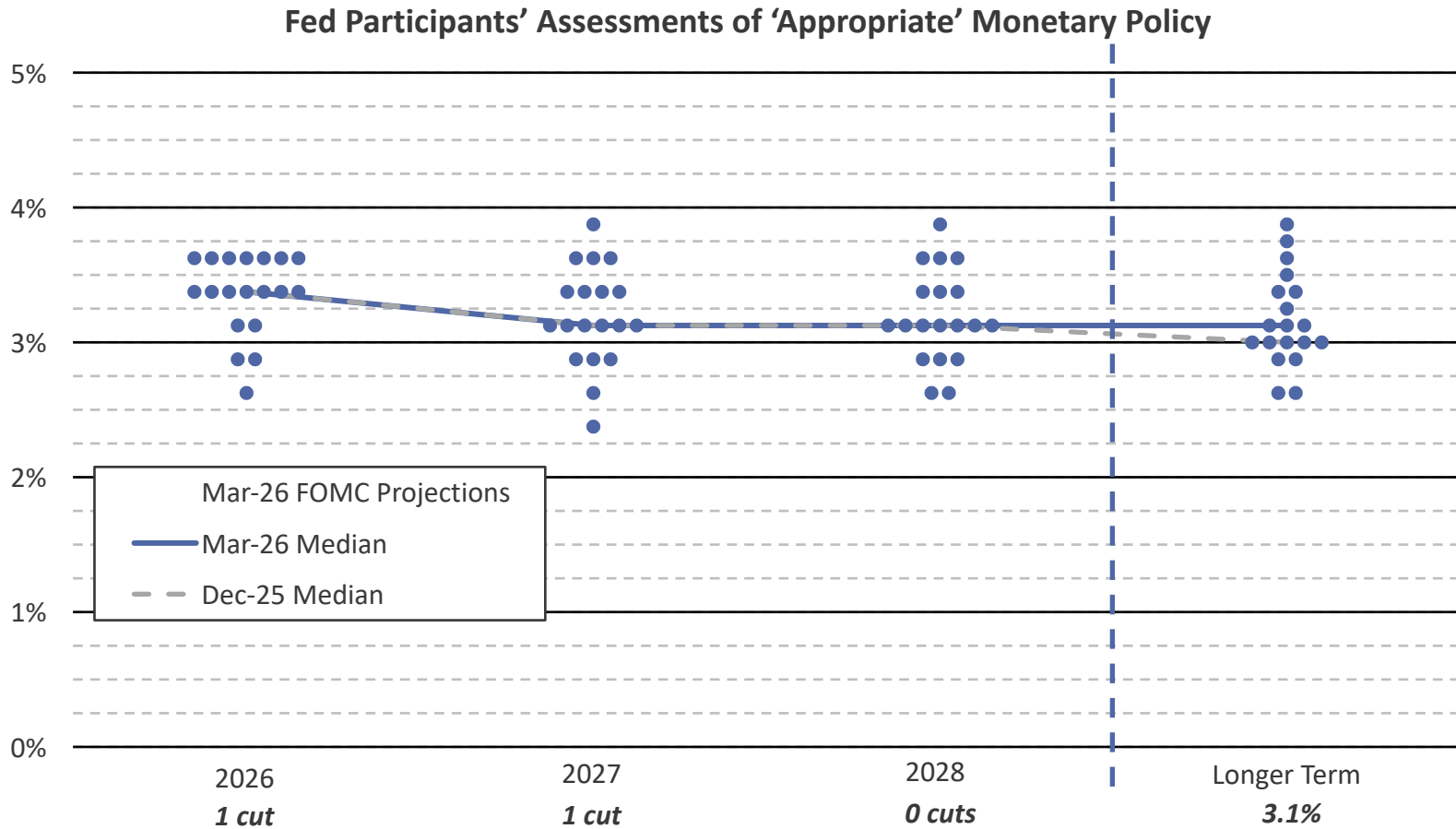


The Fed's Dual Mandate



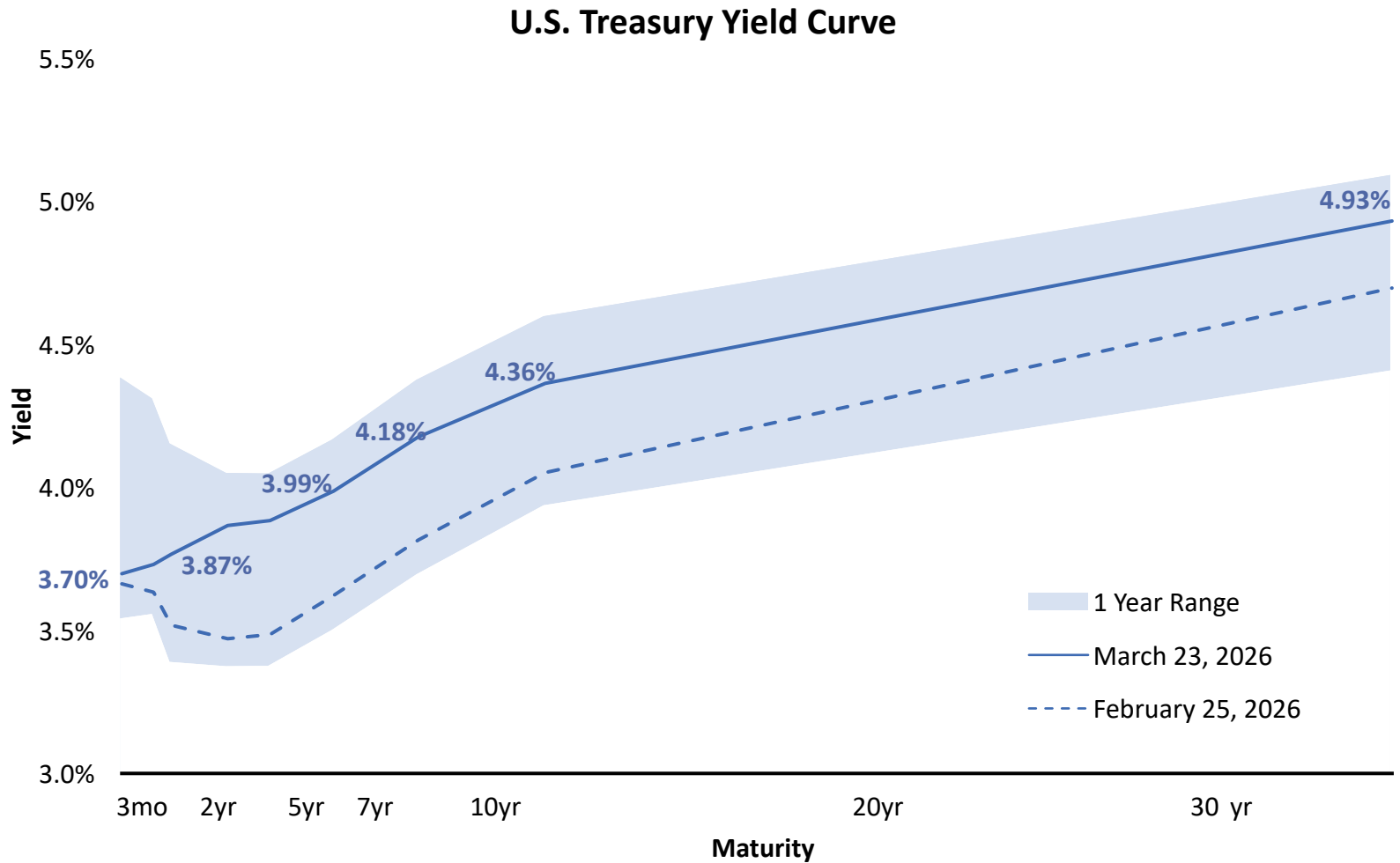
Source: Bureau of Labor Statistics and Bloomberg Finance L.P. as of February 2025. Survey responses after March 1, 2026, included in mean and forecast range for CPI Inflation (n = 8) and February 25, 2026 for Unemployment Rate (n = 4).

The Latest Fed "Dot Plot"



Source: Federal Reserve; Bloomberg Finance L.P. Individual dots represent each Fed members' judgement of the midpoint of the appropriate target range for the federal funds rate at each year-end. As of March 2026.

U.S. Treasury Yield Curve



Source: Bloomberg Finance L.P., as of March 23, 2026.



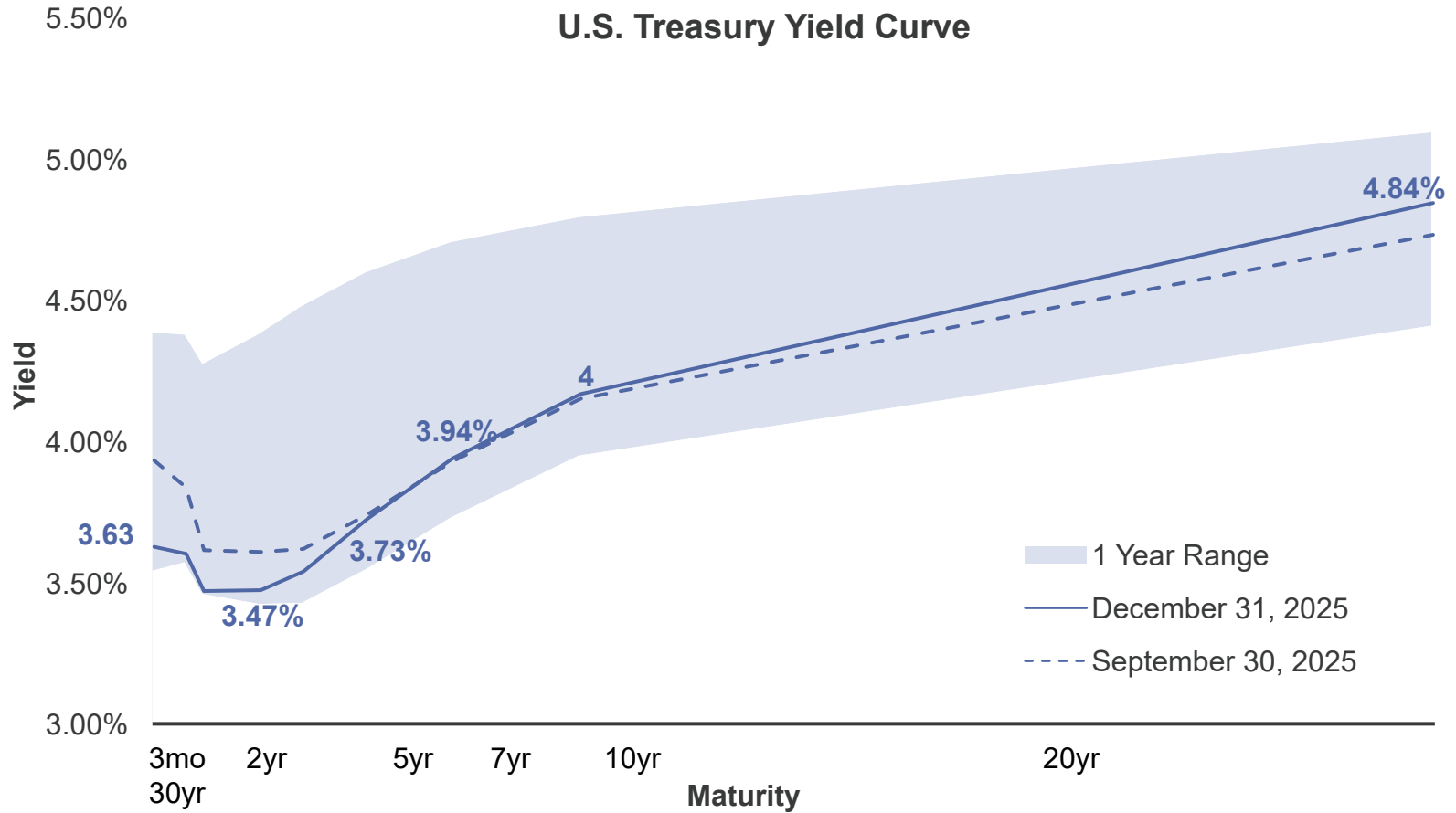
Portfolio Review

December 31, 2025



Treasury Yield Curve Nears Dis-inversion

U.S. Treasury Yield Curve

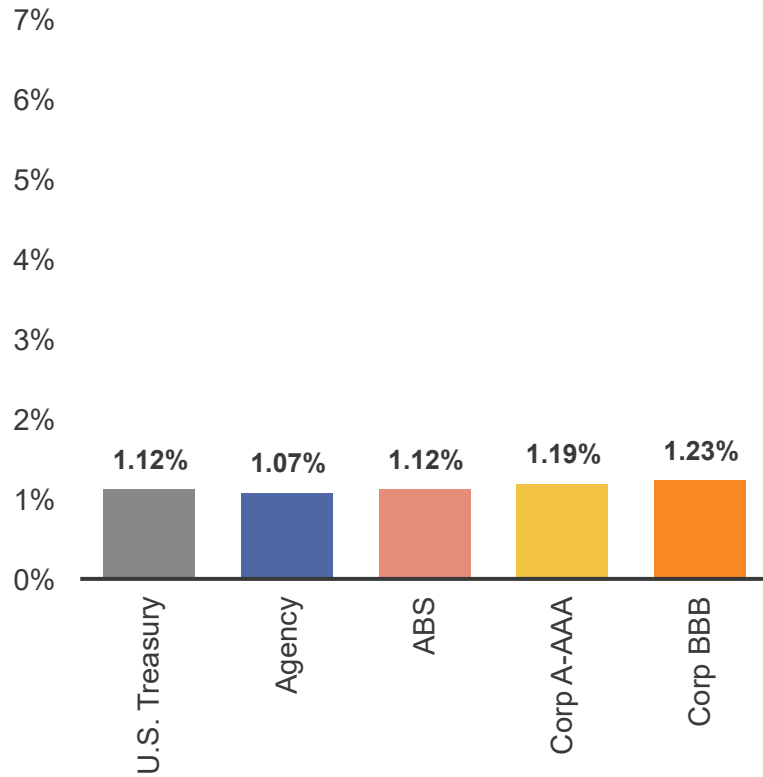


Source: Bloomberg Finance L.P., as of December 31, 2025.

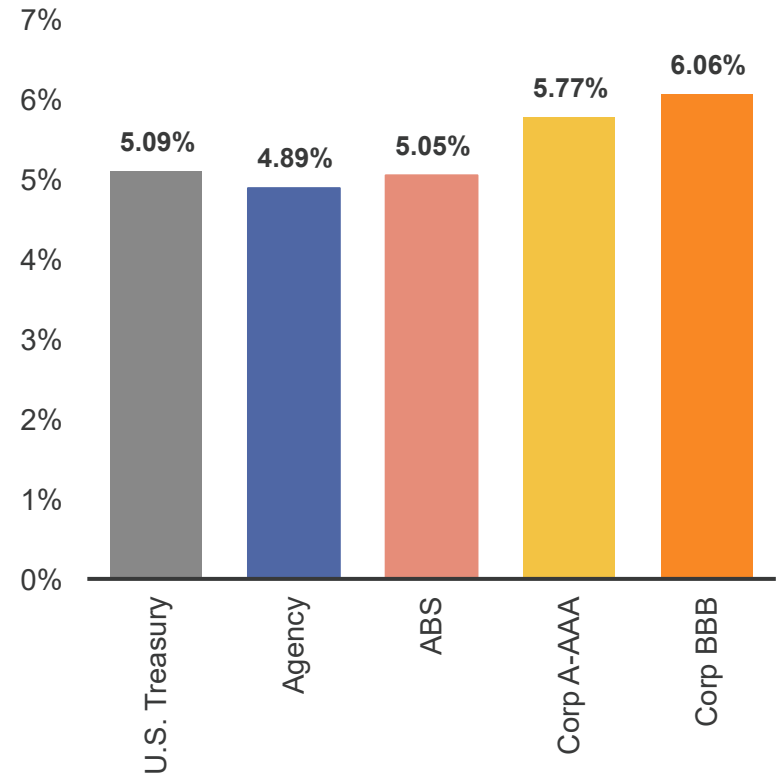
Fixed-Income Index Total Returns in 4Q 2025

1-3 Year Indices

Fourth Quarter 2025 Returns

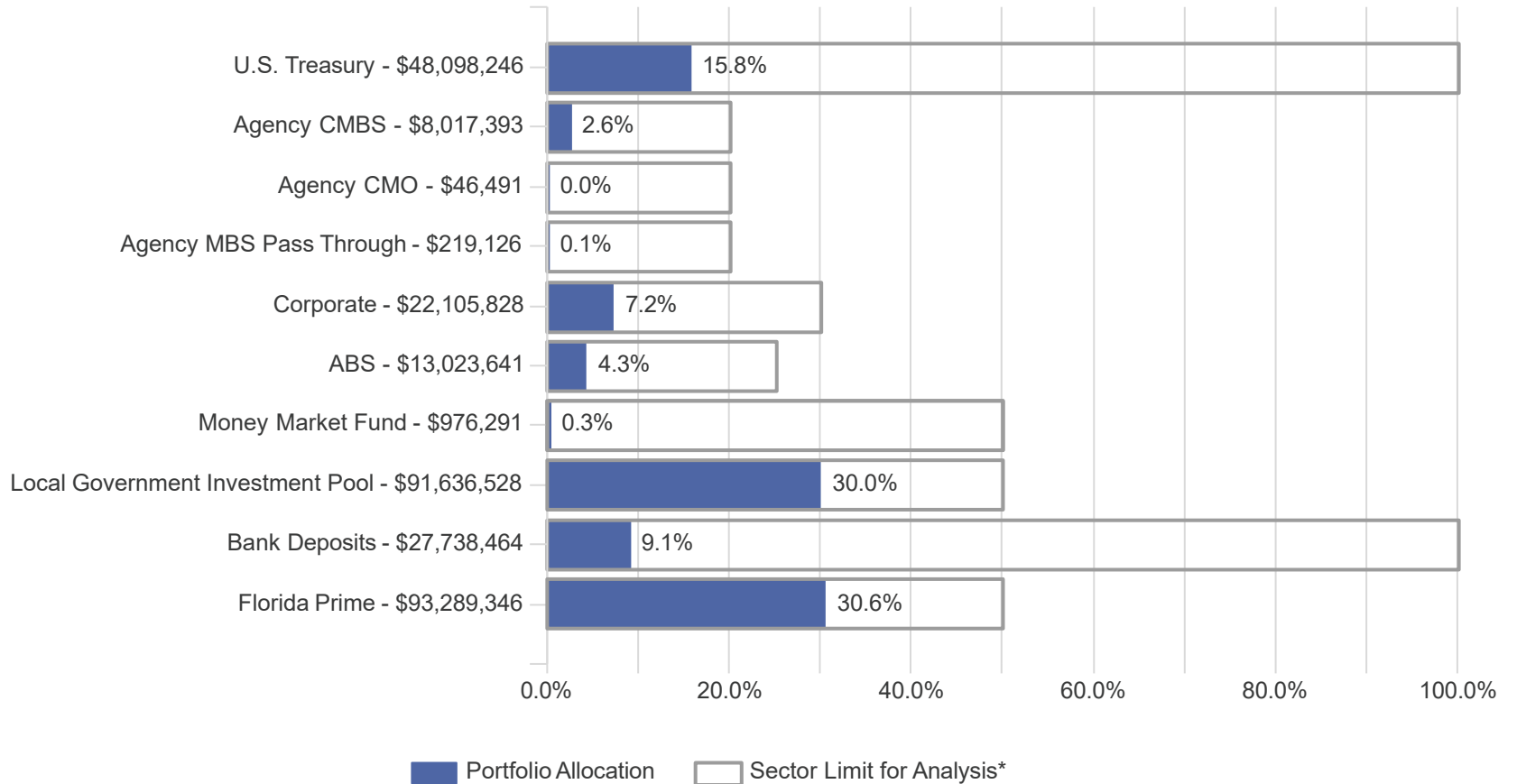


1-Year Return



Source: ICE BofA Indices. ABS indices are 0-3 year, based on weighted average life. As of December 31, 2025.

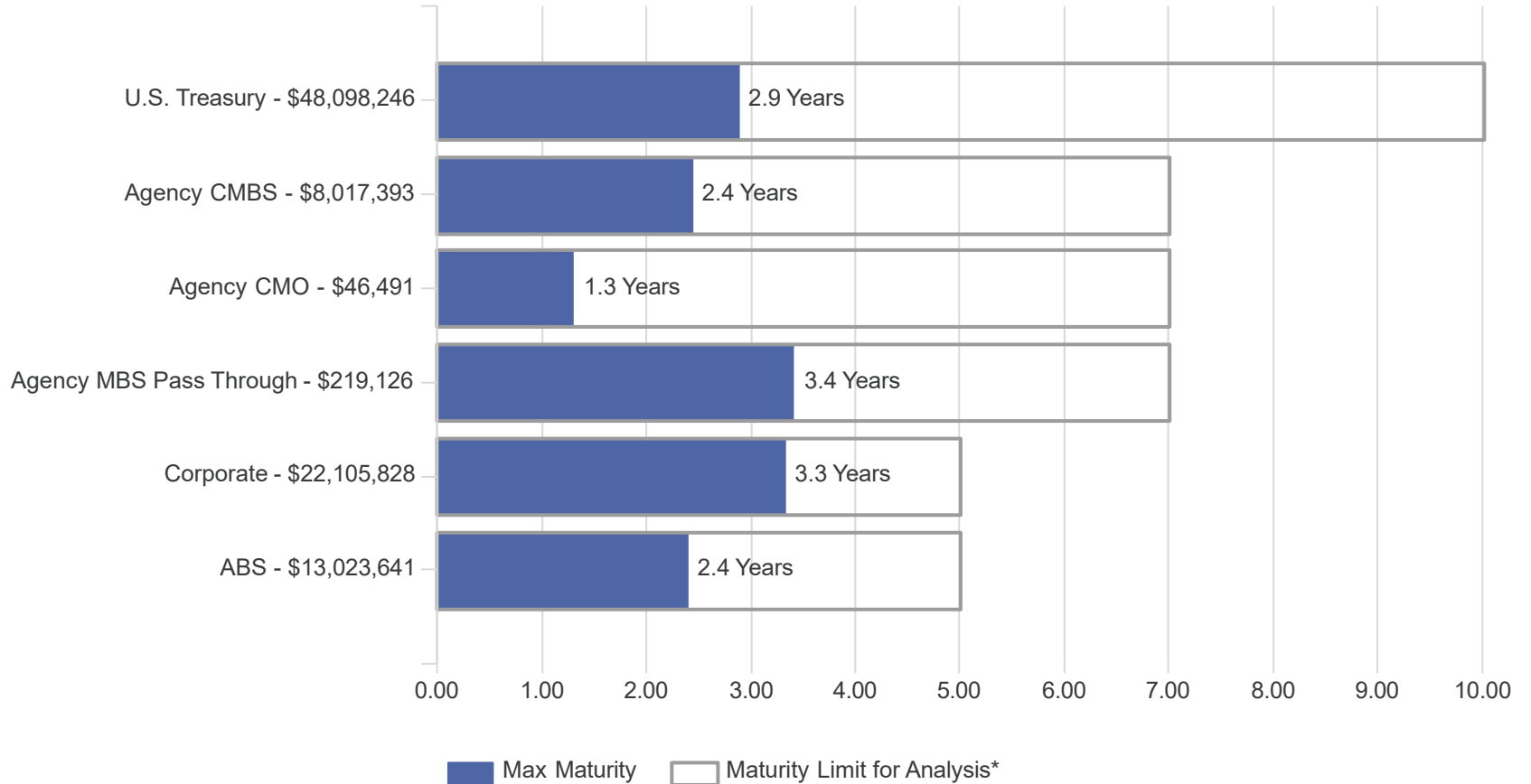
Sector Allocation Analytics



For informational/analytical purposes only and is not provided for compliance assurance. Includes accrued interest.

**Sector Limit for Analysis is as derived from our interpretation of your most recent Investment Policy as provided.*

Max Maturity Analytics



For informational/analytical purposes only and is not provided for compliance assurance. Includes accrued interest and excludes balances invested in overnight funds.

*Maturity Limit for Analysis is derived from our interpretation of your most recent Investment Policy as provided.

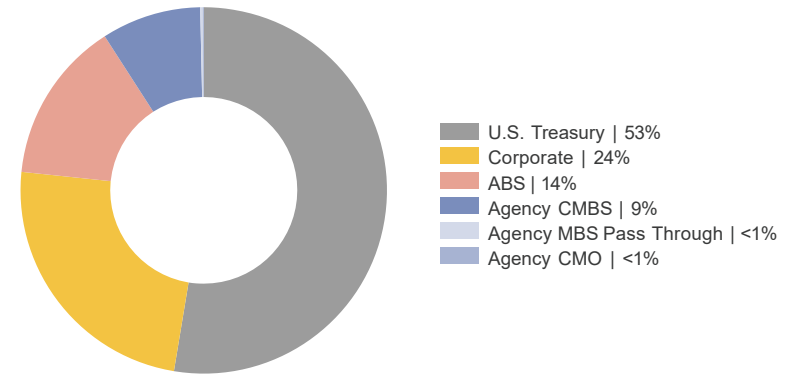
Mortgage-backed securities and asset-backed securities, if any, limit is based on weighted average life, if applicable. Callable securities, if any, limit is based on maturity date.

Portfolio Snapshot - CITY OF PALM COAST¹

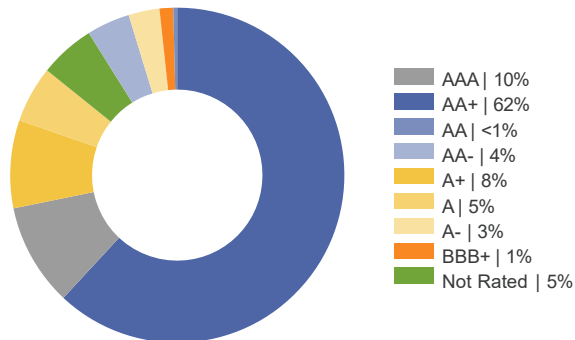
Portfolio Statistics

Total Market Value	\$92,487,017.51
Securities Sub-Total	\$90,713,926.18
Accrued Interest	\$796,800.63
Cash	\$976,290.70
Portfolio Effective Duration	1.75 years
Benchmark Effective Duration	1.76 ears
Yield At Cost	4.23%
Yield At Market	3.66%
Portfolio Credit Quality	AA

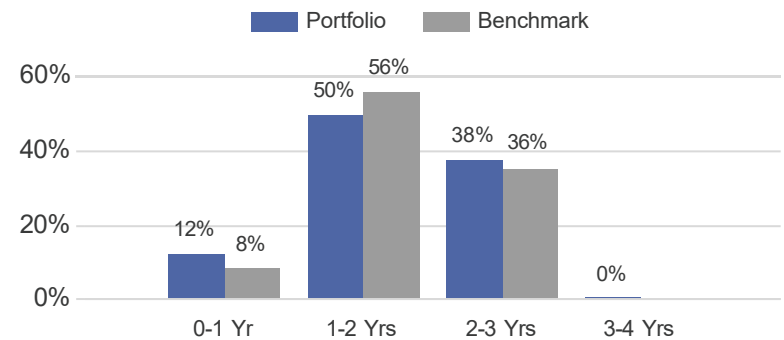
Sector Allocation



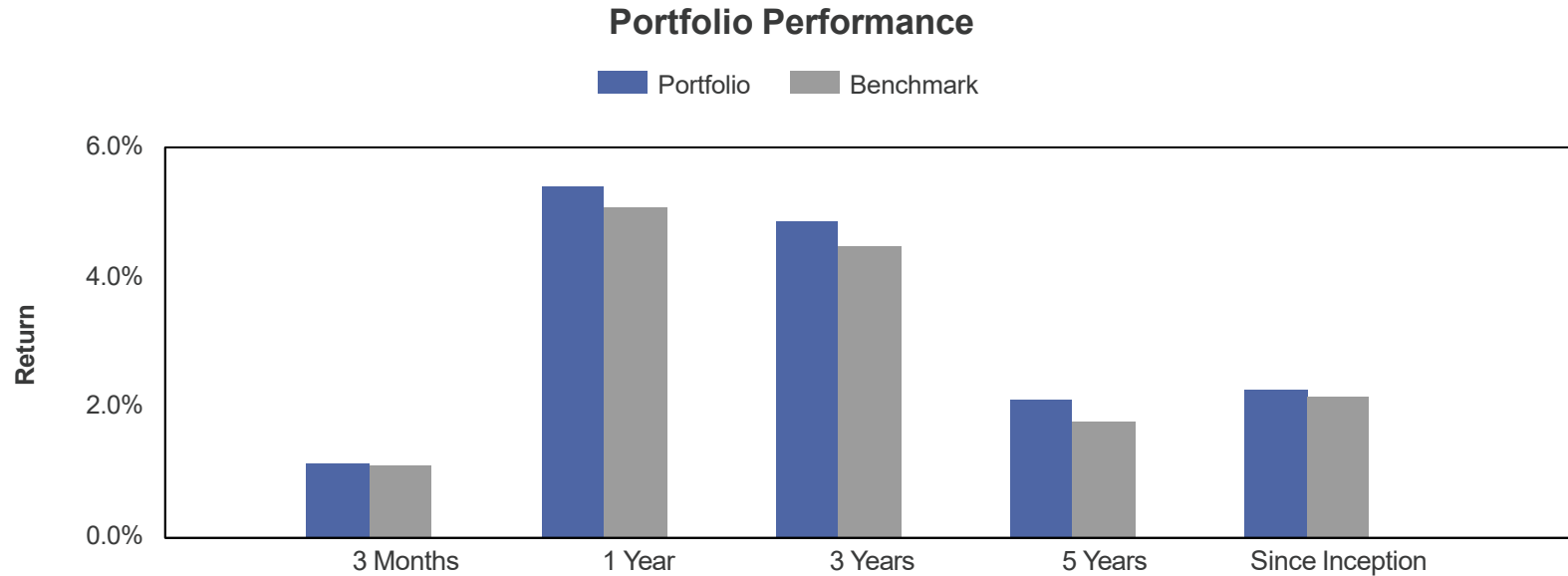
Credit Quality - S&P



Duration Distribution



1. Yield and duration calculations exclude cash and cash equivalents. Sector allocation includes market values and accrued interest. The portfolio's benchmark is the ICE BofA 1-3 Year U.S. Treasury/Agency Index. Source: Bloomberg Financial LP. An average of each security's credit rating was assigned a numeric value and adjusted for its relative weighting in the portfolio.



Market Value Basis Earnings	3 Months	1 Year	3 Years	5 Years	Since Inception ¹
Interest Earned ²	\$938,233	\$3,767,423	\$8,133,654	\$9,504,595	\$12,384,419
Change in Market Value	\$103,602	\$962,219	\$2,448,623	(\$1,235,416)	(\$143,759)
Total Dollar Return	\$1,041,835	\$4,729,642	\$10,582,277	\$8,269,179	\$12,240,660
Total Return³					
Portfolio	1.14%	5.41%	4.85%	2.12%	2.27%
Benchmark ⁴	1.12%	5.09%	4.48%	1.79%	2.17%

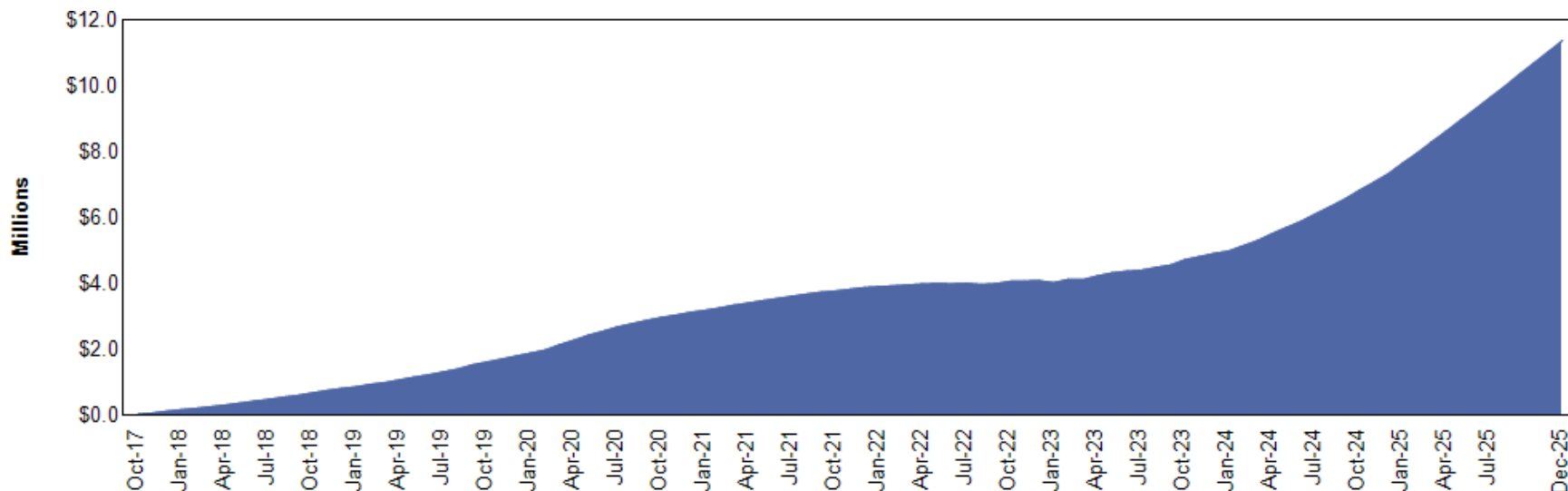
1. The lesser of 10 years or since inception is shown. Since inception returns for periods one year or less are not shown. Performance inception date is September 30, 2017.

2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.

3. Returns for periods one year or less are presented on a periodic basis. Returns for periods greater than one year are presented on an annualized basis.

4. The portfolio's benchmark is the ICE BofA 1-3 Year U.S. Treasury/Agency Index. Source: Bloomberg Financial LP.

Accrual Basis Earnings - CITY OF PALM COAST



Accrual Basis Earnings	3 Months	1 Year	3 Years	5 Year	Since Inception ¹
Interest Earned ²	\$938,233	\$3,767,423	\$8,133,654	\$9,504,595	\$12,384,419
Realized Gains / (Losses) ³	\$69,293	\$161,968	(\$1,111,845)	(\$1,266,310)	(\$1,007,632)
Change in Amortized Cost	\$25,226	\$111,352	\$262,703	\$3,969	\$507
Total Earnings	\$1,032,753	\$4,040,742	\$7,284,512	\$8,242,255	\$11,377,294

1. The lesser of 10 years or since inception is shown. Performance inception date is September 30, 2017.

2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.

3. Realized gains / (losses) are shown on an amortized cost basis.

Appendix



Permitted Investments and Requirements

Authorized Investment- Sector Type	Maximum Allocation	Individual Issuer Limit
Cash and Cash Equivalents	100%	N/A
Florida PRIME Fund	50%	N/A
United States Government Securities	100%	N/A
United States Government Agencies	75%	50%
Supranationals (where U.S. is a shareholder and voting member)	25%	10%
Federal Instrumentalities (United States Government Sponsored Enterprises "GSE")	80%(1)	40%
Mortgage Backed Securities "MBS"	20%(1)	15%
Interest Bearing Time Deposit or Savings Accounts	25%	15%
Repurchase Agreements	50%	25%
Commercial Paper	30%(2)	10%
Corporate Notes	30%(2)	5%
Asset-Backed Securities (ABS)	25%(2)	5%
Bankers' Acceptances	30%	10%
State and/or Local Government Taxable and/or Tax-Exempt Debt	20%	5%
Registered Investment Companies (Money Market Mutual Funds)	50%	25%
Intergovernmental Investment Pools	50%	N/A

(1) Maximum exposure to any one Federal agency, including the combined holdings of Agency debt and Agency MBS is 40%.

(2) Maximum allocation to all corporate and bank credit instruments is 40% combined.

As found on page 8 of the City's investment policy dated August 26, 2022.



Issuer Diversification

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
U.S. Treasury	52.6%	
United States Treasury	52.6%	AA / Aa / AA
Agency CMBS	8.8%	
Federal Home Loan Mortgage Corp	7.9%	AA / Aa / AA
Federal National Mortgage Association	0.9%	AA / Aa / AA
Agency CMO	0.1%	
Federal Home Loan Mortgage Corp	0.0%	AA / Aa / AA
Federal National Mortgage Association	0.0%	AA / Aa / AA
Agency MBS Pass Through	0.2%	
Federal Home Loan Mortgage Corp	0.0%	AA / Aa / AA
Federal National Mortgage Association	0.2%	AA / Aa / AA
Corporate	24.2%	
Accenture PLC	0.1%	AA / Aa / NR
Adobe Inc	0.6%	A / A / NR
Air Products and Chemicals Inc	0.7%	A / A / NR
Alphabet Inc	0.3%	AA / Aa / NR
Amazon.com Inc	0.4%	AA / A / AA
American Express Co	0.4%	A / A / A
ANZ Group Holdings Ltd	1.4%	AA / Aa / AA
AstraZeneca PLC	0.3%	A / A / NR
Bank of America Corp	0.8%	A / A / AA
Bank of New York Mellon Corp	0.8%	A / Aa / AA
Bayerische Motoren Werke AG	0.6%	A / A / NR
BlackRock Inc	0.4%	AA / Aa / NR
BP PLC	0.4%	A / A / A
Caterpillar Inc	0.5%	A / A / A
Chevron Corp	0.6%	AA / Aa / NR

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
Corporate	24.2%	
Cisco Systems Inc	0.4%	AA / A / NR
Citigroup Inc	1.2%	A / A / A
Cooperative Rabobank UA	0.9%	A / Aa / AA
Deere & Co	0.2%	A / A / A
Eli Lilly & Co	0.6%	A / Aa / NR
Goldman Sachs Group Inc	0.7%	BBB / A / A
Hershey Co	0.2%	A / A / NR
Home Depot Inc	0.3%	A / A / A
Hormel Foods Corp	0.2%	A / A / NR
Johnson & Johnson	0.7%	AAA / Aaa / NR
JPMorgan Chase & Co	1.5%	A / A / AA
Lockheed Martin Corp	0.5%	A / A / A
Mastercard Inc	0.4%	A / Aa / NR
Mercedes-Benz Group AG	0.5%	A / A / NR
Merck & Co Inc	0.2%	A / Aa / NR
Morgan Stanley	1.4%	A / Aa / AA
National Australia Bank Ltd	0.4%	AA / Aa / AA
National Rural Utilities Cooperative Fi	0.5%	A / A / A
Novartis AG	0.5%	AA / Aa / NR
PACCAR Inc	0.3%	A / A / NR
PepsiCo Inc	0.6%	A / A / NR
PNC Financial Services Group Inc	0.4%	A / A / A
State Street Corp	0.2%	A / Aa / AA
Texas Instruments Inc	0.3%	A / Aa / NR
Toyota Motor Corp	0.2%	A / A / A
UBS Group AG	1.0%	A / Aa / A

Ratings shown are calculated by assigning a numeral value to each security rating, then calculating a weighted average rating for each security type / issuer category using all available security ratings, excluding Not-Rated (NR) ratings. For security type / issuer categories where a rating from the applicable NRSRO is not available, a rating of NR is assigned. Includes accrued interest and excludes balances invested in overnight funds.

Issuer Diversification

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
Corporate	24.2%	
United Services Automobile Association	0.4%	AA / Aa / NR
UnitedHealth Group Inc	0.6%	A / A / A
Wells Fargo & Co	0.6%	A / Aa / AA
ABS	14.2%	
Ally Auto Receivables Trust	0.4%	AAA / Aaa / AAA
American Express Co	0.8%	AAA / NR / AAA
BA Credit Card Trust	0.6%	AAA / Aaa / NR
BMW Vehicle Lease Trust	0.5%	AAA / Aaa / AAA
Capital One Financial Corp	0.7%	AAA / NR / AAA
Chase Auto Owner Trust	0.2%	AAA / NR / AAA
Daimler Trucks Retail Trust	0.1%	NR / Aaa / AAA
Fifth Third Auto Trust	0.3%	AAA / Aaa / NR
Ford Credit Auto Owner Trust	1.4%	AAA / Aaa / AAA
GM Financial Consumer Automobile Receiv	1.0%	AAA / Aaa / AAA
Honda Auto Receivables Owner Trust	1.1%	AAA / Aaa / AAA
Hyundai Auto Receivables Trust	1.2%	AAA / NR / AAA
John Deere Owner Trust	2.0%	NR / Aaa / AAA
JPMorgan Chase & Co	0.5%	AAA / NR / AAA
Kubota Credit Owner Trust	0.2%	NR / Aaa / AAA
Mercedes-Benz Auto Receivables Trust	0.4%	NR / Aaa / AAA
Nissan Auto Receivables Owner Trust	0.4%	NR / Aaa / AAA
Toyota Auto Receivables Owner Trust	0.7%	AAA / Aaa / AAA
USAA Auto Owner Trust	0.2%	AAA / Aaa / NR
Volvo Financial Equipment LLC	0.2%	NR / Aaa / AAA
WF Card Issuance Trust	0.7%	AAA / Aaa / AAA

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
ABS	14.2%	
World Omni Auto Trust	0.6%	AAA / NR / AAA
Total	100.0%	

Ratings shown are calculated by assigning a numeral value to each security rating, then calculating a weighted average rating for each security type / issuer category using all available security ratings, excluding Not-Rated (NR) ratings. For security type / issuer categories where a rating from the applicable NRSRO is not available, a rating of NR is assigned. Includes accrued interest and excludes balances invested in overnight funds.

Disclosures

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