



Investment Report

For Quarter Ended December 31, 2022

City of Hercules, California





CITY OF HERCULES
FINANCE DEPARTMENT
111 CIVIC DRIVE
HERCULES, CALIFORNIA 94547-1771
PHONE: 510-799-8200

February 14, 2023

Honorable Mayor and City Council:

I verified that this investment portfolio, as of December 31, 2022, conforms with all state laws and City's investment policy. The City's expenditures requirements for the next months are covered by anticipated revenues from City operations and liquidity from cash on deposit.

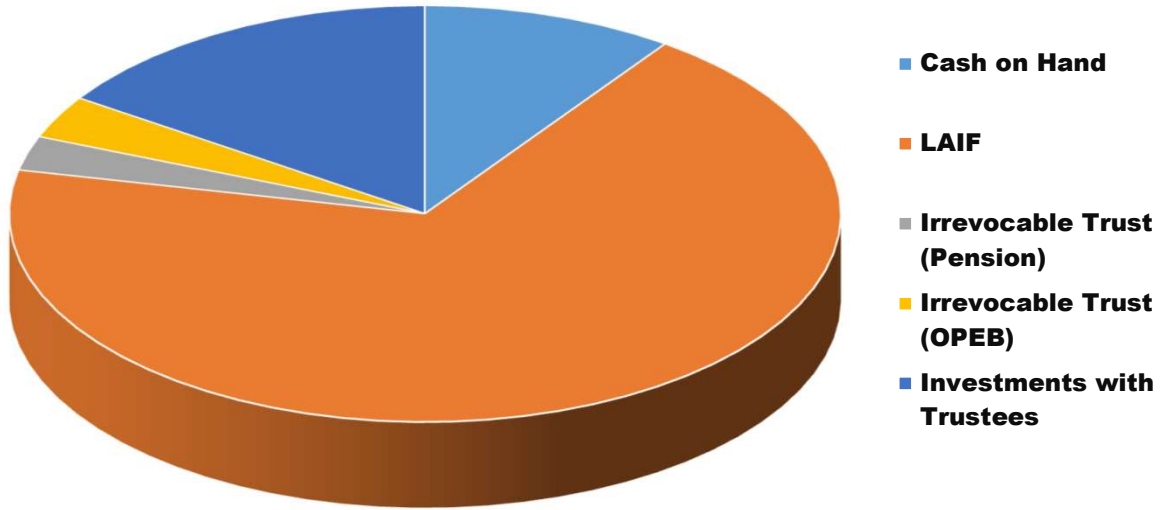
As of December 31, 2022, the City has sufficient funds to meet its expenditure requirements for the next six months.

Sincerely,


Edwin Gato
Finance Director/City Treasurer

City of Hercules, California
Investment Portfolio Summary Report
For the Quarter Ended December 31, 2022

Investments by Type



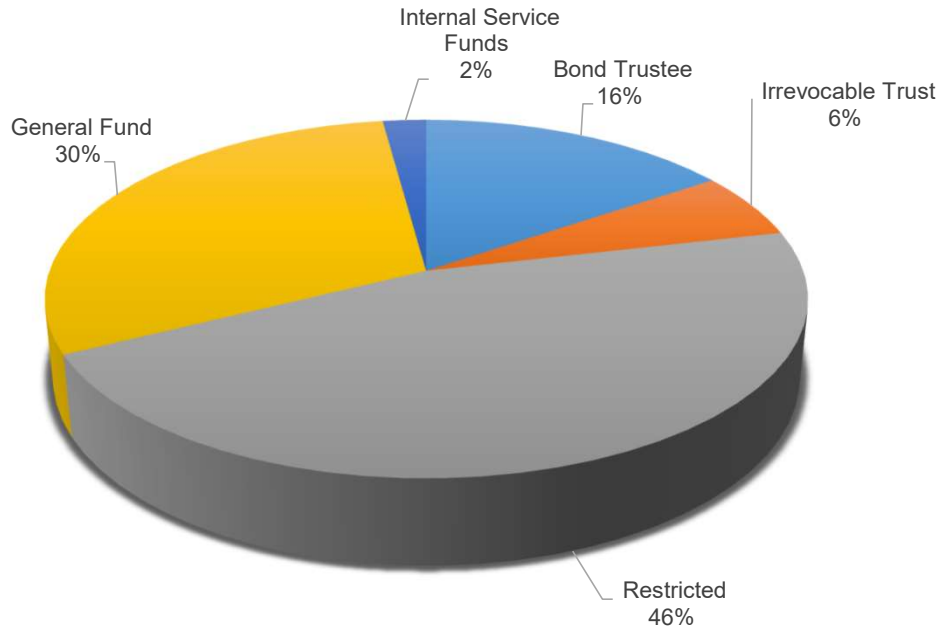
	<u>Book Value</u>	<u>% of Total</u>	<u>Average Yield</u>	<u>Market Value</u>
Cash on Hand	\$2,005			\$2,005
Cash on Deposit	7,458,289			7,458,289
Total Cash on Hand	<u>7,460,294</u>	<u>9.68%</u>	<u>0.89%</u>	<u>7,460,294</u>
Local Agency Investment Fund (LAIF)	53,100,215	68.93%	2.17%	52,111,981
Irrevocable Trust (Pension)	2,032,486	2.64%	3.58%	2,032,486
Irrevocable Trust (OPEB)	2,532,103	3.29%	3.58%	2,532,103
Investments with Bond Trustees	11,913,519	15.46%	1.59%	11,885,982
Total Portfolio	<u>\$77,038,617</u>	<u>100.00%</u>	<u>1.65%</u>	<u>\$76,022,846</u>
Amount over (under) Market Value vs. Book Value				(\$1,015,771)
% of Portfolio				-1.3185%

City of Hercules
Detail for Investment Portfolio Summary Report
For the Quarter Ended December 31, 2022

DESCRIPTION	BOOK VALUE	RATE	YIELD	PURCHASE DATE	MATURITY DATE	LIFE TO MATURITY	(DAYS) REMAINING LIFE	PAR VALUE	MARKET VALUE
CASH ON HAND	2,005.00	0.00%	0.00%					2,005.00	\$2,005.00
PETTY CASH									
CASH IN BANK									
MECHANICS BANK - GENERAL CHECKING	6,754,232.78	0.00%	0.00%					6,754,232.78	6,754,232.78
MECHANICS BANK - HERCULES RDA	520,980.02	0.00%	0.00%					520,980.02	520,980.02
MECHANICS BANK - PD ASSET SEIZURE	162,896.91	0.00%	0.00%					162,896.91	162,896.91
CalTRUST	20,179.39	3.57%	3.57%	9/1/2022	12/31/2022	121	-	20,179.39	20,179.39
TOTAL AND AVERAGES	7,458,289.10	0.89%	0.89%			121	-	7,458,289.10	7,458,289.10
LOCAL AGENCY INVESTMENT FUND (LAIF)									
LAIF	53,100,214.94	2.17%	2.17%	9/1/2022	12/31/2022	121	-	53,100,214.94	52,111,980.54
IRREVOCABLE TRUST (PENSION/OPEB)									
US BANK MUTUAL (PARS-OPEB)	2,532,102.65	3.58%	3.58%	9/1/2022	12/31/2022	121	-	2,532,102.65	2,532,102.65
US BANK MUTUAL (PARS-PENSION)	2,032,486.38	3.58%	3.58%	9/1/2022	12/31/2022	121	-	2,032,486.38	2,032,486.38
TOTAL AND AVERAGES	4,564,589.03	3.58%	3.58%			121	-	4,564,589.03	4,564,589.03
INVESTMENTS WITH BOND TRUSTEES									
GE CAPITAL CORPORATION	4,489.31	3.03%	3.03%	9/1/2022	12/31/2022	121	-	4,489.31	4,489.31
WEBSTER BANK (STERLING NATIONAL BANK ESCROW)	117,546.16	0.24%	0.24%	9/1/2022	12/31/2022	121	-	117,546.16	117,546.16
THE BANK OF NEW YORK (BNY) JM 05 1 RESERVE FUND	55,797.47	0.00%	0.00%	9/1/2022	12/31/2022	121	-	55,797.47	55,797.47
THE BANK OF NEW YORK (BNY) MELLON TRUST HERCULES PFA WW INTEREST ACCT 21 A	2,887.50	0.00%	0.00%	9/1/2022	12/31/2022	121	-	2,887.50	2,887.50
THE BANK OF NEW YORK (BNY) MELLON TRUST HERCULES PFA WW ACQUISITION FD 21 A	8,325,000.00	0.00%	0.00%	9/1/2022	12/31/2022	121	-	8,325,000.00	8,325,000.00
THE BANK OF NEW YORK (BNY) MELLON TRUST (HERCULES PFA 09 REVENUE FUND)	481,628.25	3.94%	3.94%	9/1/2022	12/31/2022	121	-	481,628.25	454,090.74
THE BANK OF NEW YORK (BNY) MELLON TRUST (HERCULES PFA 09 DEBT SERV PRIN ACCT)	135,913.88	3.97%	3.97%	9/1/2022	12/31/2022	121	-	135,913.88	135,913.88
THE BANK OF NEW YORK (BNY) MELLON TRUST (HERCULES PFA 09 DEBT SERV INT ACCT)	361,737.19	3.97%	3.97%	9/1/2022	12/31/2022	121	-	361,737.19	361,737.19
THE BANK OF NEW YORK (BNY) MELLON TRUST (HERCULES PFA 09 RESERVE FD)	920,215.00	3.97%	3.97%	9/1/2022	12/31/2022	121	-	920,215.00	920,215.00
THE BANK OF NEW YORK (BNY) MELLON TRUST (HERCULES 2020 INT FD)	4,567.80	0.00%	0.00%	9/1/2022	12/31/2022	121	-	4,567.80	4,567.80
THE BANK OF NEW YORK (BNY) MELLON TRUST (SA HERCULES 2022 A B DEBT SERVICE)	1,470,238.27	0.00%	0.00%	9/1/2022	12/31/2022	121	-	1,470,238.27	1,470,238.27
THE BANK OF NEW YORK (BNY) MELLON TRUST (sa HERCULES 2022 A B INTEREST ACCT)	33,498.59	0.00%	0.00%	9/1/2022	12/31/2022	121	-	33,498.59	33,498.59
TOTAL AND AVERAGES	11,913,519.42	1.59%	1.59%			121	-	11,913,519.42	11,885,981.91
TOTAL INVESTMENT REPORT	77,038,617.49	1.65%	1.65%			121	-	\$77,038,617.49	\$76,022,845.58

City of Hercules, California
Investment Portfolio Summary Report
For the Quarter Ended December 31, 2022

Cash by Fund



<u>Cash Description</u>	<u>Book Value</u>	<u>% of Total</u>
Bond Trustee	\$11,913,519	15%
Irrevocable Trust	4,564,589	6%
Restricted	35,630,483	46%
General Fund	23,288,036	30%
Internal Service Funds	1,641,990	2%
Total, Book Value	\$77,038,617	100%

Restricted:

Wastewater	19,120,654
Successor Housing	4,888,599
ARPA	3,077,889
Development Impact Fees	1,956,554
Landscape & Lighting	1,485,589
Gas Tax & Measure J "Street"	912,383
General Plan Update	880,218
Solid Waste	845,429
Capital Projects	741,650
Agency Fund	538,368
Successor Agency	520,980
BART (Park & Ride)	303,865
Asset Seizure	162,897
Other	195,408
	<u>35,630,483</u>



PMIA/LAIF Performance Report as of 12/31/2022



PMIA Average Monthly Effective Yields⁽¹⁾

December	2.173
November	2.007
October	1.772

Quarterly Performance Quarter Ended 12/31/22

LAIF Apportionment Rate ⁽²⁾ :	2.07
LAIF Earnings Ratio ⁽²⁾ :	0.00005680946709337
LAIF Fair Value Factor ⁽¹⁾ :	0.981389258
PMIA Daily ⁽¹⁾ :	2.29
PMIA Quarter to Date ⁽¹⁾ :	1.98
PMIA Average Life ⁽¹⁾ :	287

Pooled Money Investment Account Monthly Portfolio Composition ⁽¹⁾ 12/31/22 \$199.6 billion

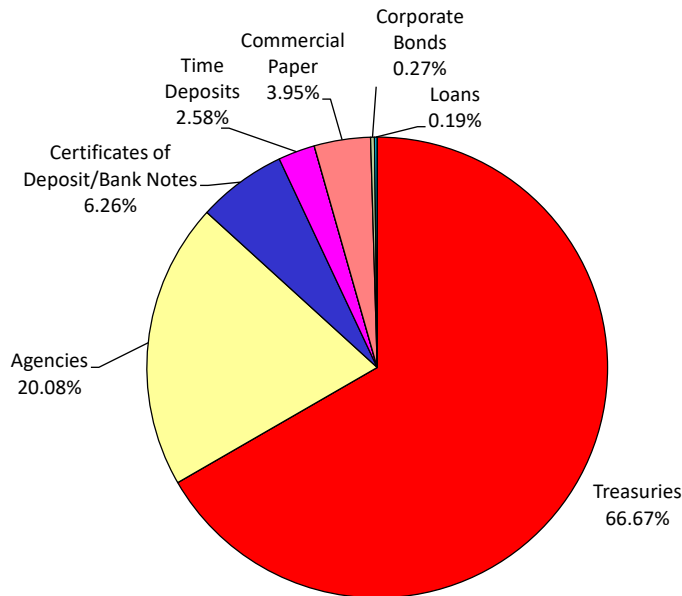


Chart does not include \$3,466,000.00 in mortgages, which equates to 0.002%. Percentages may not total 100% due to rounding.

Daily rates are now available here. [View PMIA Daily Rates](#)

Notes: The apportionment rate includes interest earned on the CalPERS Supplemental Pension Payment pursuant to Government Code 20825 (c)(1) and interest earned on the Wildfire Fund loan pursuant to Public Utility Code 3288 (a).

Source:

⁽¹⁾ State of California, Office of the Treasurer

⁽²⁾ State of California, Office of the Controller

City of Hercules
As of December 31, 2022

Presented By
Andrew Brown, CFA

Selected Period Performance

Hercules OPEB

Period Ending: 12/31/2022

	Quarter to Date (3 Months)	1 Year	3 Years	5 Years	10 Years	Inception to Date 06/01/2010
Cash Equivalents	.85	1.48	.62	1.13	.67	.54
<i>Lipper Money Market Funds Index</i>	.87	1.51	.63	1.10	.63	.50
Total Fixed Income	1.76	-12.21	-2.25	.12	1.17	2.19
<i>Bloomberg US Aggregate Bd Index</i>	1.87	-13.01	-2.71	.02	1.06	2.00
Total Equities	8.37	-18.25	4.57	6.02	9.54	10.01
Large Cap Funds	6.60	-19.88	6.73	8.30	11.84	11.73
<i>S&P 500 Composite Index</i>	7.56	-18.11	7.66	9.42	12.56	12.73
Mid Cap Funds	9.16	-17.18	5.85	6.97	9.67	10.41
<i>Russell Midcap Index</i>	9.18	-17.32	5.88	7.10	10.96	11.48
Small Cap Funds	8.43	-14.87	4.41	6.29	11.27	11.82
<i>Russell 2000 Index</i>	6.23	-20.44	3.10	4.13	9.01	9.56
International Equities	14.55	-15.56	.29	1.13	3.63	4.76
<i>MSCI EAFE Index</i>	17.34	-14.45	.87	1.54	4.67	5.66
<i>MSCI EM Free Index</i>	9.70	-20.09	-2.69	-1.40	1.44	2.70
REIT Funds	4.80	-25.86	-.60	3.44		
<i>Wilshire REIT Index</i>	4.05	-26.81	-.49	3.35	6.31	8.34
Total Managed Portfolio	3.58	-13.32	.32	2.20	5.36	6.29

Performance Inception: 6/1/2010

The OPEB plan was invested in account 6746019207, PARS Balanced HighMark Plus, from June 1, 2010 to December 31, 2017. The Plan was then subsequently invested in account 6746050104, PARS Moderately Conservative HighMark Plus, from January 1, 2018 and onwards. Returns are gross of account level investment advisory fees and net of any fees, including fees to manage mutual fund or exchange traded fund holdings. Returns for periods over one year are annualized. The information presented has been obtained from sources believed to be accurate and reliable. Past performance is not indicative of future returns. Securities are not FDIC insured, have no bank guarantee, and may lose value.

Asset Allocation – OPEB Plan As of December 31, 2022

Current Asset Allocation	Investment Vehicle	
Equity	Range: 20%-40%	28.14%
Large Cap Core	Columbia Contrarian Core Inst3 Vanguard Growth & Income Adm Dodge & Cox Stock Fund	2.88% 5.39% 2.57%
Large Cap Value	iShares S&P 500 Value ETF	1.20%
Large Cap Growth	Harbor Capital Appreciation Retirement T. Rowe Price Growth Stock Fund I	1.68% 1.68%
Mid Cap Core	iShares Russell Mid-Cap ETF	2.74%
Small Cap Value	Undiscovered Managers Behavioral Val R6	2.13%
Small Cap Growth	Vanguard Small-Cap Growth ETF	2.14%
International Core	DFA Large Cap International I	1.79%
International Value	Dodge & Cox International Stock Fund	0.56%
International Growth	MFS® International Growth R6	0.56%
Emerging Markets	Hartford Schroders Emerging Mkts Eq F	1.80%
Real Estate	Vanguard Real Estate ETF	1.04%
Fixed Income	Range: 50%-80%	67.12%
Short-Term	Vanguard Short-Term Investment-Grade Adm	13.43%
Intermediate-Term	DoubleLine Core Fixed Income I PIMCO Total Return Instl Fund	17.42% 17.72%
High Yield	Prudential Total Return Bond Q PIMCO High Yield Instl	17.54% 1.01%
Cash	Range: 0%-20%	4.74%
	First American Government Oblig Z	4.74%
TOTAL		100.00%

Selected Period Performance

PARS/PRSP MODERATELY CONSERVATIVE HM

Account ****050104

Period Ending: 12/31/2022

	Quarter to Date (3 Months)	1 Year	3 Years	5 Years	Inception to Date (61 Months)
Cash Equivalents	.85	1.48	.62	1.13	1.13
<i>Lipper Money Market Funds Index</i>	.87	1.51	.63	1.10	1.10
Total Fixed Income	1.76	-12.21	-2.25	.12	.23
<i>Bloomberg US Aggregate Bd Index</i>	1.87	-13.01	-2.71	.02	.11
Total Equities	8.37	-18.25	4.57	6.02	6.22
Large Cap Funds	6.60	-19.88	6.73	8.30	8.46
<i>S&P 500 Composite Index</i>	7.56	-18.11	7.66	9.42	9.50
Mid Cap Funds	9.16	-17.18	5.85	6.97	7.04
<i>Russell Midcap Index</i>	9.18	-17.32	5.88	7.10	7.17
Small Cap Funds	8.43	-14.87	4.41	6.29	6.36
<i>Russell 2000 Index</i>	6.23	-20.44	3.10	4.13	3.98
International Equities	14.55	-15.56	.29	1.13	1.57
<i>MSCI/EAFE Index</i>	17.34	-14.45	.87	1.54	1.83
<i>MSCI/EM Free Index</i>	9.70	-20.09	-2.69	-1.40	-0.69
REIT Funds	4.80	-25.86	-.60	3.44	3.34
<i>Wilshire REIT Index</i>	4.05	-26.81	-.49	3.35	3.27
Total Managed Portfolio	3.58	-13.32	.32	2.20	2.32

Performance Inception: 12/01/2017 Initial contribution was made on November 2017.

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Asset Allocation – Pension As of December 31, 2022

Current Asset Allocation		Investment Vehicle	
Equity			28.14%
Large Cap Core	COFYX	Columbia Contrarian Core Inst3	2.88%
	VGIAX	Vanguard Growth & Income Adm	5.39%
Large Cap Value	DODGX	Dodge & Cox Stock Fund	2.57%
	IVE	iShares S&P 500 Value ETF	1.20%
Large Cap Growth	HNACX	Harbor Capital Appreciation Retirement	1.68%
	PRUFX	T. Rowe Price Growth Stock Fund I	1.68%
Mid Cap Core	IWR	iShares Russell Mid-Cap ETF	2.74%
Small Cap Value	UBVFX	Undiscovered Managers Behavioral Val R6	2.13%
Small Cap Growth	VBK	Vanguard Small-Cap Growth ETF	2.14%
International Core	DFALX	DFA Large Cap International I	1.79%
International Value	DODFX	Dodge & Cox International Stock Fund	0.56%
International Growth	MGRDX	MFS® International Growth R6	0.56%
Emerging Markets	HHHFX	Hartford Schroders Emerging Mkts Eq F	1.80%
Real Estate	VNQ	Vanguard Real Estate ETF	1.04%
Fixed Income			67.12%
Short-Term	VFSUX	Vanguard Short-Term Investment-Grade Adm	13.43%
Intermediate-Term	DBLFX	DoubleLine Core Fixed Income I	17.42%
	PTTRX	PIMCO Total Return Instl Fund	17.72%
	PTRQX	Prudential Total Return Bond Q	17.54%
High Yield	PHIYX	PIMCO High Yield Instl	1.01%
Cash			4.74%
	FGZXX	First American Government Oblig Z	4.74%
TOTAL			100.00%

CITY OF HERCULES

For Period Ending December 31, 2022

LARGE CAP EQUITY FUNDS							
Fund Name	1-Month Return	3-Month Return	Year-to-Date	1-Year Return	3-Year Return	5-Year Return	10-Year Return
Columbia Contrarian Core Inst3	-6.17	6.41	-18.45	-18.45	7.51	8.56	12.26
Vanguard Growth & Income Adm	-6.13	7.21	-17.11	-17.11	8.11	9.36	12.60
Dodge & Cox Stock I	-4.61	12.99	-7.22	-7.22	9.41	8.72	12.44
iShares S&P 500 Value ETF	-3.93	13.55	-5.41	-5.41	6.09	7.41	10.67
Harbor Capital Appreciation Retirement	-8.67	-1.46	-37.67	-37.67	3.69	8.05	12.84
T. Rowe Price Growth Stock I	-8.79	-2.23	-40.05	-40.05	-0.41	5.10	11.35
S&P 500 TR USD	-5.76	7.56	-18.11	-18.11	7.66	9.42	12.56

MID CAP EQUITY FUNDS							
iShares Russell Mid-Cap ETF	-5.42	9.14	-17.43	-17.43	5.71	6.95	10.78
Russell Mid Cap TR USD	-5.40	9.18	-17.32	-17.32	5.88	7.10	10.96

SMALL CAP EQUITY FUNDS							
Undiscovered Managers Behavioral Val R6	-3.86	13.77	-1.10	-1.10	11.29	7.59	11.57
Vanguard Small-Cap Growth ETF	-6.30	3.02	-28.40	-28.40	0.80	5.10	9.27
Russell 2000 TR USD	-6.49	6.23	-20.44	-20.44	3.10	4.13	9.01

INTERNATIONAL EQUITY FUNDS							
Dodge & Cox International Stock I	-1.69	16.01	-6.78	-6.78	1.85	1.25	4.81
DFA Large Cap International I	-2.05	17.21	-13.03	-13.03	1.99	2.14	4.79
Hartford Schroders Emerging Mkts Eq F	-2.62	10.50	-22.14	-22.14	-2.87	-1.06	1.85
MFS International Growth R6	-3.45	14.24	-15.02	-15.02	2.57	4.62	6.38
MSCI EAFE NR USD	0.08	17.34	-14.45	-14.45	0.87	1.54	4.67
MSCI EM NR USD	-1.41	9.70	-20.09	-20.09	-2.69	-1.40	1.44

Source: SEI Investments, Morningstar Investments

Returns less than one year are not annualized. Past performance is no indication of future results. The information presented has been obtained from sources believed to be accurate and reliable. Securities are not FDIC insured, have no bank guarantee and may lose value.

CITY OF HERCULES

For Period Ending December 31, 2022

REAL ESTATE FUNDS

Fund Name	1-Month Return	3-Month Return	Year-to-Date	1-Year Return	3-Year Return	5-Year Return	10-Year Return
Vanguard Real Estate ETF	-5.08	4.32	-26.20	-26.20	-0.43	3.66	6.41

BOND FUNDS

PIMCO Total Return Instl	-0.31	1.77	-14.09	-14.09	-2.48	0.03	1.11
PGIM Total Return Bond R6	-0.30	2.31	-14.86	-14.86	-3.10	0.09	1.80
Vanguard Short-Term Investment-Grade Adm	0.11	1.72	-5.75	-5.75	-0.38	1.10	1.45
DoubleLine Core Fixed Income I	-0.36	1.17	-12.76	-12.76	-2.80	-0.17	1.39
Bloomberg US Agg Bond TR USD	-0.45	1.87	-13.01	-13.01	-2.71	0.02	1.06
PIMCO High Yield Instl	-0.86	4.19	-10.78	-10.78	-0.75	1.85	3.55
ICE BofA US High Yield Mstr II Index	-0.75	3.98	-11.22	-11.22	-0.23	2.12	3.98

Source: SEI Investments, Morningstar Investments

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