



**INVESTMENT PORTFOLIO SUMMARY**  
**For the Quarter Ended**  
**September 30, 2022**

**Prepared by**  
**Valley View Consulting, L.L.C.**

The investment portfolio of the City of Lufkin is in compliance with the Public Funds Investment Act and the City of Lufkin Investment Policy and Strategies.

City Manager

Director of Finance

Senior Accountant

**Disclaimer:** These reports were compiled using information provided by the City. No procedures were performed to test the accuracy or completeness of this information. The market values included in these reports were obtained by Valley View Consulting, L.L.C. from sources believed to be accurate and represent proprietary valuation. Due to market fluctuations these levels are not necessarily reflective of current liquidation values. Yield calculations are not determined using standard performance formulas, are not representative of total return yields, and do not account for investment advisor fees.

## Annual Comparison of Portfolio Performance

### FYE Results by Investment Category:

Asset Type	September 30, 2021				September 30, 2022			
	Ave. Yield	Book Value	Market Value		Ave. Yield	Book Value	Market Value	
DDA/MMA/MMF/Pools	0.14%	\$ 35,727,254	\$ 35,727,254		1.45%	\$ 19,743,426	\$ 19,743,426	
Securities/CDS	0.47%	20,285,476	20,285,476		1.93%	48,369,718	47,999,023	
<b>Totals</b>		<b>\$ 56,012,730</b>	<b>\$ 56,012,730</b>			<b>\$ 68,113,145</b>	<b>\$ 67,742,449</b>	
Fourth Quarter-End Yield	<b>0.26%</b>				<b>1.79%</b>			

### Average Quarter-End Yields <sup>(1)</sup>:

	2021 Fiscal Year	2022 Fiscal Year
Lufkin	0.52%	0.86%
Rolling Three Month Treasury	0.06%	1.06%
Rolling Six Month Treasury	0.08%	1.01%
TexPool	0.04%	0.90%

<sup>(1)</sup> Average Quarterly Yield calculated using quarter-end report average yield and adjusted book value.

## Summary

### Quarter End Results by Investment Category:

Asset Type	June 30, 2022		September 30, 2022		Ave. Yield
	Book Value	Market Value	Book Value	Market Value	
DDA/MMA/MMF/Pools	\$ 31,626,029	\$ 31,626,029	\$ 19,743,426	\$ 19,743,426	1.45%
Securities/CDS	36,396,949	36,211,342	48,369,718	47,999,023	1.93%
<b>Totals</b>	<b>\$ 68,022,978</b>	<b>\$ 67,837,371</b>	<b>\$ 68,113,145</b>	<b>\$ 67,742,449</b>	<b>1.79%</b>

#### Current Quarter Average Yield (1)

Total Portfolio	1.79%
Rolling Three Month Treasury	2.76%
Rolling Six Month Treasury	2.46%
TexPool	2.41%

#### Fiscal Year-to-Date Average Yield (2)

Total Portfolio	0.86%
Rolling Three Month Treasury	1.06%
Rolling Six Month Treasury	1.01%
TexPool	0.90%

(1) **Current Quarter Average Yield** - based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for bank, pool, and money market balances.

(2) **Fiscal Year-to-Date Average Yield** - calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

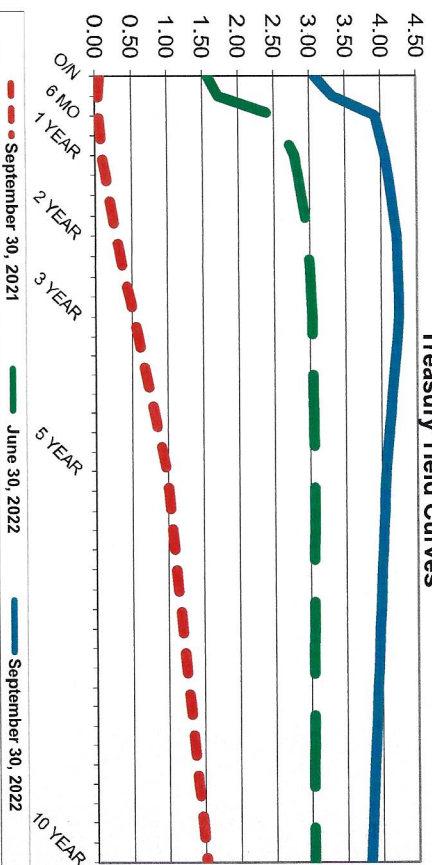


## Economic Overview

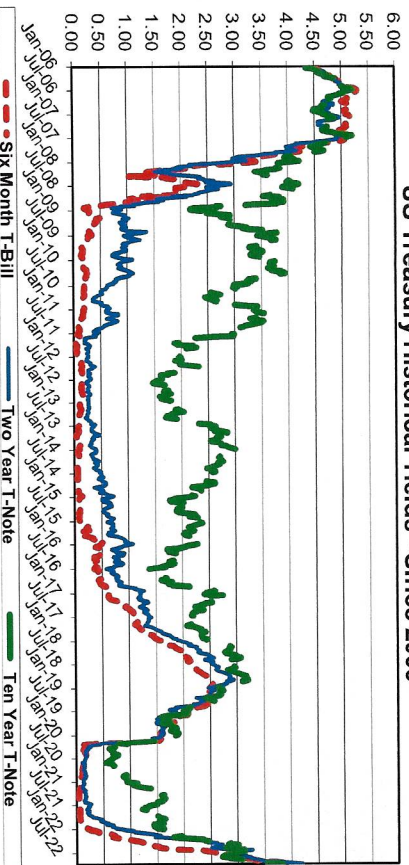
9/30/2022

The Federal Open Market Committee (FOMC) raised the Fed Funds target range 0.75% - 3.00% - 3.25% September 21st (Effective Fed Funds are trading +/-3.10%). The FOMC continued actively reducing their balance sheet. An additional 0.50% - 0.75% increase is currently anticipated November 2nd. Second Quarter GDP was confirmed at -0.6%. Domestic and international economies are slowing. September Non-Farm Payroll added 263k new jobs with a Three Month Average of 372k. Crude oil fell below \$80 per barrel, but OPEC+ announced a target production reduction of 2 million barrels/day. The Stock Markets continued bouncing down and are +/-20% below the 2021 peak. The negatively sloped yield curve (6 months to 10 years, with peak yield at 3 years) may indicated lower future interest rates. Inflation remained well over the FOMC 2% target (Core PCE +/-4.9% and CPI exceeding 8%).

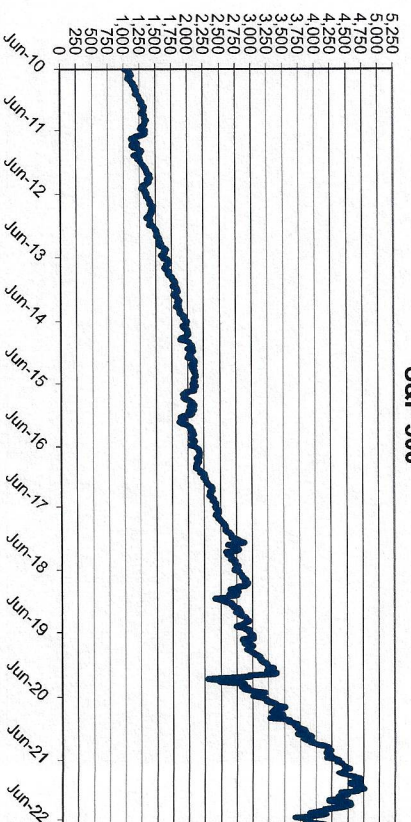
### Treasury Yield Curves



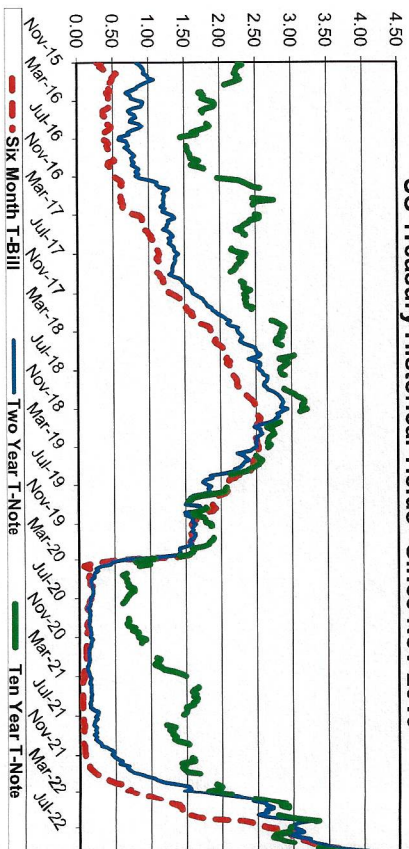
### US Treasury Historical Yields - Since 2006



### S&P 500



### US Treasury Historical Yields - Since Nov 2015



# Investment Holdings

## September 30, 2022

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
DDA (3)		0.23%	10/01/22	09/30/22	\$ 10,111,491	\$ 10,111,491	\$ 1	\$ 10,111,491	1	0.23%
DDA Debit Card		0.41%	10/01/22	09/30/22	98,811	98,811	1	98,811	1	0.41%
Southside Bank MMA		2.42%	10/01/22	09/30/22	518,339	518,339	1	518,339	1	2.42%
NexBank IntraFi MMA		3.05%	10/01/22	09/30/22	5,044,565	5,044,565	1	5,044,565	1	3.05%
BTB Bank IntraFi MMA		2.23%	10/01/22	09/30/22	108,338	108,338	1	108,338	1	2.23%
Federated Govt-Premier MMF	AAAm	2.87%	10/01/22	09/30/22	51,239	51,239	1	51,239	1	2.87%
TexPool	AAAm	2.41%	10/01/22	09/30/22	3,653,699	3,653,699	1	3,653,699	1	2.41%
TexSTAR	AAAm	2.29%	10/01/22	09/30/22	156,945	156,945	1	156,945	1	2.29%
Prosperity Bank CD		0.20%	10/11/22	03/11/21	2,006,025	2,006,025	100.00	2,006,025	11	0.20%
East West Bank CD		0.54%	10/28/22	01/28/22	2,007,292	2,007,292	100.00	2,007,292	28	0.54%
Southside Bank CD		0.22%	11/05/22	11/05/21	2,003,293	2,003,293	100.00	2,003,293	36	0.22%
Allegiance Bank CD		0.30%	11/20/22	11/20/20	2,010,511	2,010,511	100.00	2,010,511	51	0.30%
East West Bank CD		0.23%	11/24/22	11/24/21	2,009,341	2,009,341	100.00	2,009,341	55	0.23%
East West Bank CD		0.89%	12/02/22	03/02/22	2,010,414	2,010,414	100.00	2,010,414	63	0.89%
East West Bank CD		3.07%	12/13/22	09/13/22	3,004,545	3,004,545	100.00	3,004,545	74	3.07%
East West Bank CD		0.67%	01/30/23	01/28/22	2,009,052	2,009,052	100.00	2,009,052	122	0.67%
Prosperity Bank CD		0.25%	03/13/23	03/11/21	2,007,451	2,007,451	100.00	2,007,451	164	0.25%
East West Bank CD		3.44%	03/13/23	09/13/22	3,005,093	3,005,093	100.00	3,005,093	164	3.44%
FHLMC	Aaa/AA+	0.25%	06/26/23	06/02/22	2,000,000	1,971,637	97.21	1,944,100	269	2.21%
East West Bank CD		2.90%	07/06/23	07/06/22	2,013,872	2,013,872	100.00	2,013,872	279	2.90%
Texas Bank CD		0.50%	07/28/23	01/28/22	245,608	245,608	100.00	245,608	301	0.50%
East West Bank CD		3.03%	08/04/23	08/04/22	2,009,652	2,009,652	100.00	2,009,652	308	3.03%
East West Bank CD		3.03%	08/04/23	08/04/22	2,009,652	2,030,769	98.69	1,973,820	335	1.05%
UST Note	Aaa/AA+	2.75%	08/31/23	02/02/22	2,000,000	1,986,327	95.83	1,916,540	420	1.15%
FFCB	Aaa/AA+	0.55%	11/24/23	02/02/22	2,000,000	4,000,000	100.00	4,000,000	490	3.32%
Southside Bank CD		3.32%	02/05/24	08/05/22	2,000,000	2,000,000	100.00	2,000,000	493	3.32%
UST Note	Aaa/AA+	2.38%	02/29/24	02/02/22	2,000,000	2,033,188	97.38	1,947,500	517	1.18%
UST Note	Aaa/AA+	2.50%	04/20/24	06/02/22	2,000,000	1,996,183	97.24	1,944,840	568	2.62%
FHLB	Aaa/AA+	2.88%	06/14/24	06/02/22	2,000,000	2,006,127	97.52	1,950,320	623	2.69%
FHLB	Aaa/AA+	3.50%	09/13/24	09/13/22	2,000,000	1,993,685	98.51	1,970,100	714	3.67%
					<b>\$ 68,095,229</b>	<b>\$ 68,113,145</b>			<b>199</b>	<b>1.79%</b>
									(1)	(2)

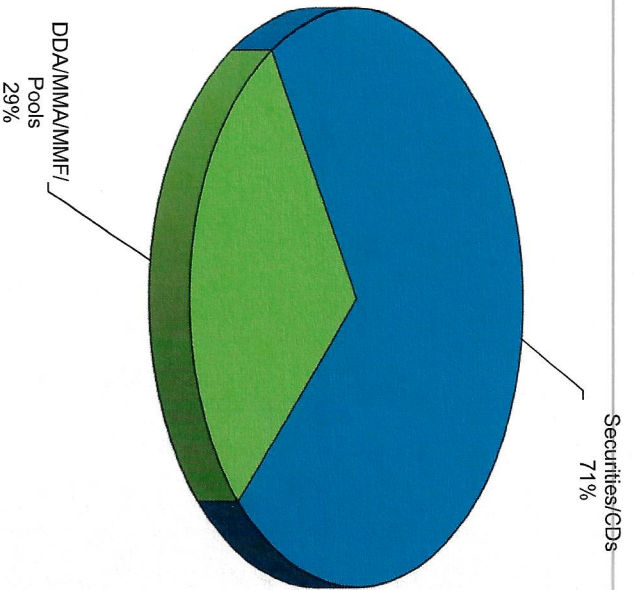
(1) Weighted average life - For purposes of calculating weighted average life, TexPool, TexSTAR, and Money Market investments are assumed to have a one day maturity.

(2) Weighted average yield to maturity - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for TexPool, TexSTAR, and Money Market investments.

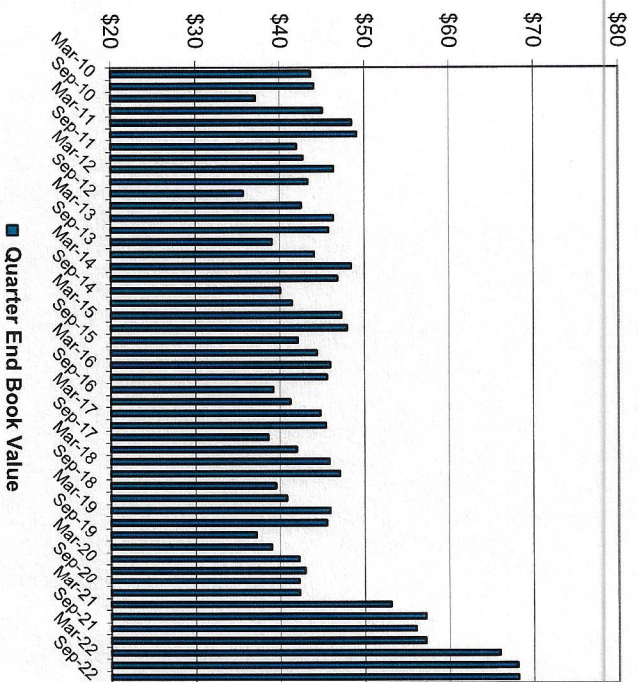
(3) Earnings Credit Rate - The City's DDA accrues earnings credit to offset service charges and fees. Rate estimated.



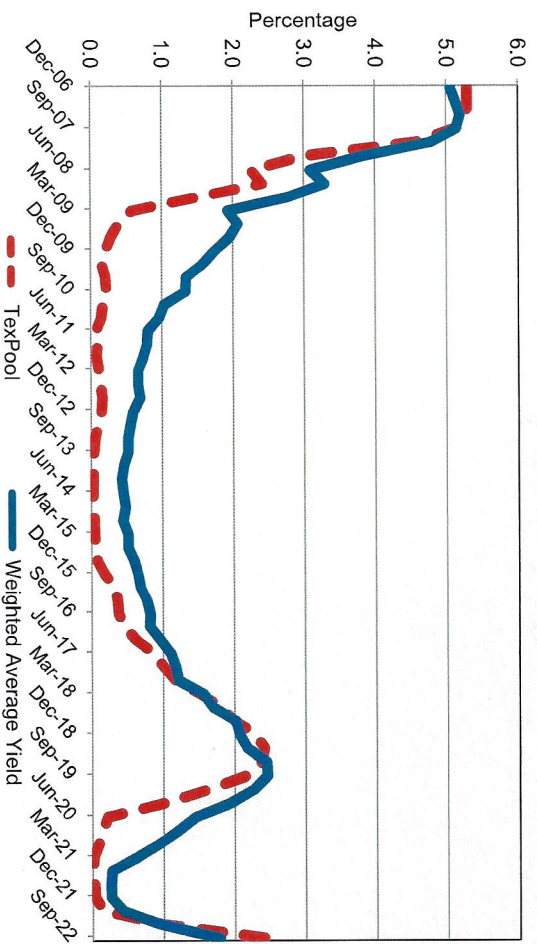
# Portfolio Composition



# Total Portfolio (Millions)



# Total Portfolio Performance



# Book & Market Value Comparison

Issuer/Description	Yield	Maturity Date	Book Value 06/30/22	Increases	Decreases	Book Value 09/30/22	Market Value 06/30/22	Change in Market Value	Market Value 09/30/22
DDA	0.23%	10/01/22	\$ 4,361,354	\$ 5,750,137	\$ -	\$ 10,111,491	\$ 4,361,354	\$ 5,750,137	\$ 10,111,491
DDA Debit Card	0.41%	10/01/22	101,127	-	(2,316)	98,811	101,127	(2,316)	98,811
Southside Bank MMA	2.42%	10/01/22	14,484,893	-	(13,966,554)	518,339	14,484,893	(13,966,554)	518,339
NexBank IntraFi MMA	3.05%	10/01/22	5,017,117	27,448	-	5,044,565	5,017,117	27,448	5,044,565
BTH Bank IntraFi MMA	2.23%	10/01/22	107,871	467	-	108,338	107,871	467	108,338
Federated Govt-Premier MMF	2.87%	10/01/22	87,842	-	(36,604)	51,239	87,842	(36,604)	51,239
TexPool	2.41%	10/01/22	7,309,619	-	(3,655,920)	3,653,699	7,309,619	(3,655,920)	3,653,699
TexSTAR	2.29%	10/01/22	156,206	740	-	156,945	156,206	740	156,945
Texas Bank Fin IntraFi CD	0.75%	07/28/22	2,034,471	-	(2,034,471)	-	2,034,471	(2,034,471)	-
Texas Bank Fin IntraFi CD	0.75%	08/04/22	2,033,788	-	(2,033,788)	-	2,033,788	(2,033,788)	-
Southside Bank CD	0.20%	08/05/22	2,001,984	-	(2,001,984)	-	2,001,984	(2,001,984)	-
Bank OZK CD	0.40%	09/05/22	2,014,065	-	(2,014,065)	-	2,014,065	(2,014,065)	-
Prosperity Bank CD	0.20%	10/11/22	2,005,014	1,011	-	2,006,025	2,005,014	1,011	2,006,025
East West Bank CD	0.54%	10/28/22	2,004,531	2,761	-	2,007,292	2,004,531	2,761	2,007,292
Southside Bank CD	0.22%	11/05/22	2,002,183	1,110	-	2,003,293	2,002,183	1,110	2,003,293
Allegiance Bank CD	0.30%	11/20/22	2,008,992	1,519	-	2,010,511	2,008,992	1,519	2,010,511
East West Bank CD	0.23%	11/24/22	2,002,762	6,579	-	2,009,341	2,002,762	6,579	2,009,341
East West Bank CD	0.89%	12/02/22	2,005,858	4,556	-	2,010,414	2,005,858	4,556	2,010,414
East West Bank CD	3.07%	12/13/22	-	3,004,545	-	3,004,545	-	3,004,545	3,004,545
East West Bank CD	0.67%	01/30/23	2,005,623	3,428	-	2,009,052	2,005,623	3,428	2,009,052
Prosperity Bank CD	0.25%	03/13/23	2,006,187	1,264	-	2,007,451	2,006,187	1,264	2,007,451
East West Bank CD	3.44%	03/13/23	-	3,005,093	-	3,005,093	-	3,005,093	3,005,093
FHLMC	2.21%	06/26/23	1,961,936	9,700	-	1,971,637	1,946,620	(2,520)	1,944,100
East West Bank CD	2.90%	07/06/23	-	2,013,872	-	2,013,872	-	2,013,872	2,013,872
Texas Bank CD	0.50%	07/28/23	245,302	306	-	245,608	245,302	306	245,608
East West Bank CD	3.03%	08/04/23	-	2,009,652	-	2,009,652	-	2,009,652	2,009,652
East West Bank CD	3.03%	08/04/23	-	2,009,652	-	2,009,652	-	2,009,652	2,009,652
East West Bank CD	1.05%	08/31/23	2,039,219	-	(8,450)	2,030,769	1,995,540	(21,720)	1,973,820
UST Note	1.15%	11/24/23	1,983,331	2,995	-	1,986,327	1,937,280	(20,740)	1,916,540
FFCB	3.32%	02/02/24	-	4,000,000	-	4,000,000	-	4,000,000	4,000,000
Southside Bank CD	3.32%	02/05/24	-	2,000,000	-	2,000,000	-	2,000,000	2,000,000
UST Note	1.18%	02/29/24	2,039,093	-	(5,906)	2,033,188	1,982,500	(35,000)	1,947,500
UST Note	2.62%	04/20/24	1,995,576	608	-	1,996,183	1,984,220	(39,380)	1,944,840
FHLB	2.69%	06/14/24	2,007,032	-	(905)	2,006,127	1,994,420	(44,100)	1,950,320
FHLB	3.67%	09/13/24	-	1,993,685	-	1,993,685	-	1,970,100	1,970,100
<b>TOTAL / AVERAGE</b>	<b>1.79%</b>		<b>\$ 68,022,978</b>	<b>\$ 25,851,130</b>	<b>\$(25,760,964)</b>	<b>\$ 68,113,145</b>	<b>\$ 67,837,371</b>	<b>\$(94,922)</b>	<b>\$ 67,742,449</b>



# FUND EQUITY IN POOLED CASH AND INVESTMENTS

FUND NO	FUND NAME	6/30/2022	9/30/2022
101	GENERAL FUND	\$ 21,892,291	\$ 17,101,549
206	CONVENTION CENTER-HOTEL/MOTEL TAX FUND	(91,036)	115,060
207	CONVENTION SERVICES FUND	402,300	414,778
217	PROPERTY INSURANCE LOSS FUND	35,285	13,144
221	SPECIAL RECREATION FUND	(47,196)	(22,085)
225	PINES THEATER SPECIAL EVENTS FUND	39,730	49,928
226	ELLEN TROUT ZOO FUND	2,431,617	2,459,337
227	POLICE FOREFEITURE FUND	197,190	312,418
228	COURT SECURITY/TECHNOLOGY FUND	106,865	108,652
230	POLICE DARE CONTRIBUTION FUND	109	109
232	DRAINAGE MITIGATION	36,898	36,969
234	COMMUNITY DEV/DWNTWN IMPROVEMENT	39,919	23
241	ANIMAL CONTROL - KURTH GRANT	92,649	121,799
242	ANIMAL'S ATTIC GIFT SHOP	106,971	107,923
250	POLICE GRANTS & PROPERTY	(14,730)	17,936
251	FIRE GRANTS	11,144	2,779
252	FEMA FUNDED GRANTS	26,210	26,279
253	CARES ACT FUND	3,086,845	6,993,787
290	ECONOMIC DEVELOPMENT	(185,255)	(26,940)
295	LCVB FUND	913,324	831,456
300	GF STREET CONSTRUCTION FUND	1,081,348	1,986,256
308	CONVENTION CENTER - EDI	29,948	29,977
313	2010 CAPITAL IMPROVEMENTS FUND	2,172	2,141
314	2012 CAPITAL IMPROVEMENTS FUND	(2,921)	(2,931)
315	2020 CAPITAL IMPROVEMENTS FUND	3,895,016	3,884,874
340	TEXAS CAPITAL GRANT FUND	53	53
341	ECONOMIC DEVELOPMENT PROJECTS/GRANTS	(63,753)	(126,355)
348	SOLID WASTE DEPRECIATION	751,983	765,572
357	2009 WATER/SEWER CO'S	16,390	16,269
358	2013 WWATER/SEWER CO'S	(607,210)	(607,210)
380	WATER & WASTEWATER DEPRECIATION	9,559,154	11,113,381
401	GENERAL OBLIGATION DEBT SERVICE	6,069,994	2,609,214
451	REVENUE BOND DEBT SERVICE	1,749	1,753
501	WATER/WASTEWATER FUND	7,639,863	8,440,258
548	SOLID WASTE DISPOSAL FUND	3,536,632	3,649,682
615	HEALTH INSURANCE - ACTIVE	1,531,171	1,992,830
616	RETIREE'S HEALTH INSURANCE FUND	(1,821)	21,908
641	EQUIPMENT ACQ. & REPLACEMENT FUND	3,923,431	3,671,828
642	TECHNOLOGY AMORTIZATION	620,298	1,160,593
747	MEDICAL SAVINGS FUND	(4,149)	3,407
TOTAL POOLED CASH & INVESTMENTS		\$ 67,060,478	\$ 67,278,400



**Investment Holdings - EDC**  
**September 30, 2022**

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
TexPool - EDC	AAAm	2.41%	10/01/22	09/30/22	\$ 4,964,031	\$ 4,964,031	1.00	\$ 4,964,031	1	2.41%
					<u>\$ 4,964,031</u>	<u>\$ 4,964,031</u>		<u>\$ 4,964,031</u>	<u>1</u>	<u>2.41%</u>
									(1)	(2)

(1) **Weighted average life** - For purposes of calculating weighted average life, TexPool, TexSTAR, and Money Market investments are assumed to have a one day maturity.

(2) **Weighted average yield to maturity** - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for TexPool, TexSTAR, and Money Market investments.