



INVESTMENT PORTFOLIO SUMMARY

For the Quarter Ended

December 31, 2020

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.

[Redacted Signature] _____
City Manager

[Redacted Signature] _____
Director of Finance

[Redacted Signature] _____
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.

Summary

Quarter End Results by Investment Category:

| Asset Type | September 30, 2020 | | December 31, 2020 | | |
|----------------|----------------------|----------------------|----------------------|----------------------|--------------|
| | Book Value | Market Value | Book Value | Market Value | Ave. Yield |
| DDA/MMA/Pools | \$ 15,962,643 | \$ 15,962,643 | \$ 15,988,804 | \$ 15,988,804 | 0.19% |
| Securities/CDs | 26,245,000 | 26,245,000 | 26,245,000 | 26,245,000 | 1.39% |
| Totals | \$ 42,207,643 | \$ 42,207,643 | \$ 42,233,804 | \$ 42,233,804 | 0.93% |

Current Quarter Average Yield (1)

| | |
|------------------------------|-------|
| Total Portfolio | 0.93% |
| Rolling Three Month Treasury | 0.09% |
| Rolling Six Month Treasury | 0.12% |
| TexPool | 0.09% |

Fiscal Year-to-Date Average Yield (2)

| | |
|------------------------------|-------|
| Total Portfolio | 0.93% |
| Rolling Three Month Treasury | 0.09% |
| Rolling Six Month Treasury | 0.12% |
| TexPool | 0.09% |

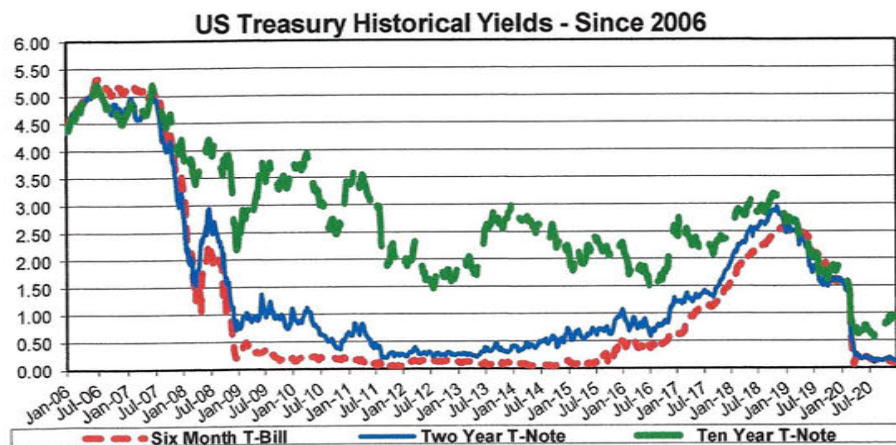
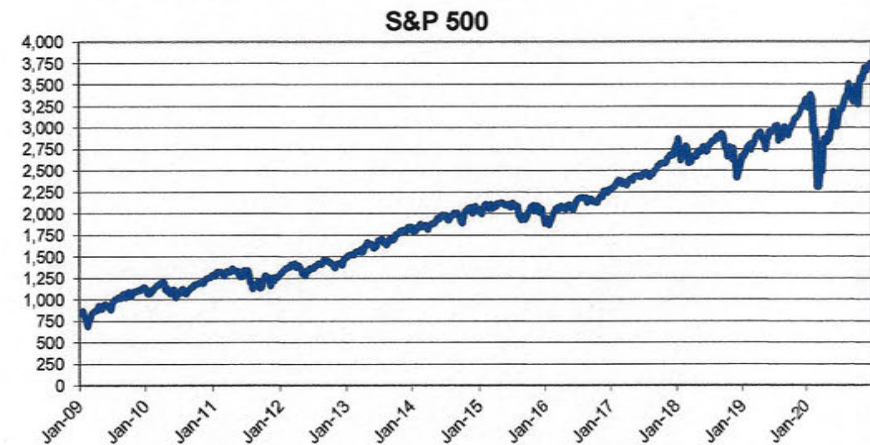
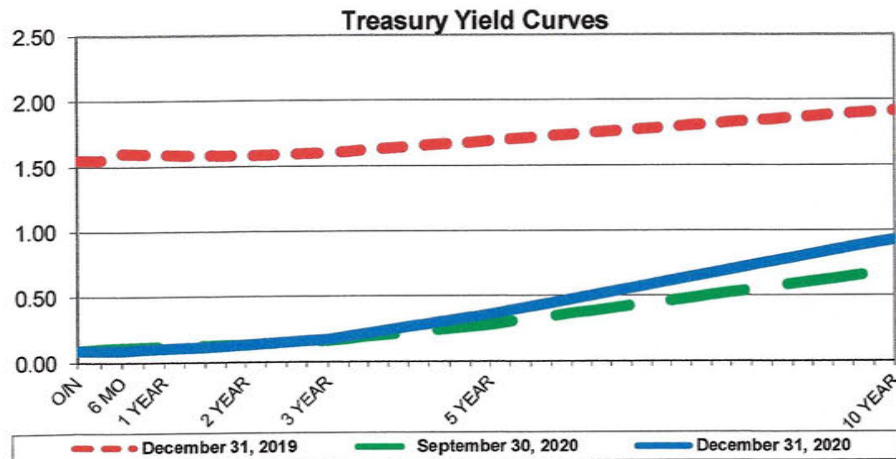
(1) **Current Quarter Average Yield** - based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for bank, pool, and money market balances.

(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

12/31/2020

The Federal Open Market Committee (FOMC) maintained the Fed Funds target range at 0.00% to 0.25% (Effective Fed Funds are trading $\pm 0.10\%$), and projected that reduced rates could remain into 2024. Second estimate of Third Quarter GDP was finalized at +33.4%, but still remains 3.5% below pre-pandemic levels. Crude oil traded above \$50 per barrel. Employment/ Unemployment continues modest improvement. The Stock Markets reached new highs. Housing continues adding positive economic activity. Additional fiscal stimulus passed and was signed by the President. The Yield Curve steepened slightly from last quarter end.



Investment Holdings
December 31, 2020

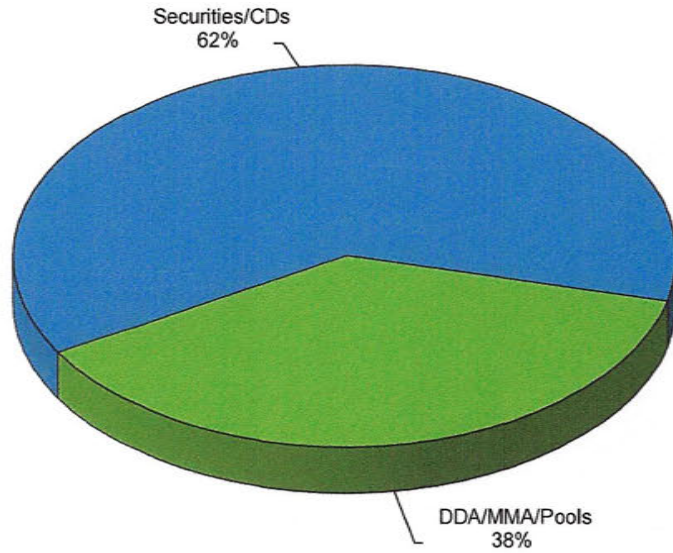
| Description | Ratings | Coupon/ Discount | Maturity Date | Settlement Date | Par Value | Book Value | Market Price | Market Value | Life (days) | Yield |
|----------------------------|---------|---------------------|------------------|--------------------|----------------------|----------------------|-----------------|----------------------|----------------|--------------|
| DDA (3) | | 0.28% | 01/01/21 | 12/31/20 | \$ 4,548,460 | \$ 4,548,460 | 1 | \$ 4,548,460 | 1 | 0.28% |
| DDA Debit Card | | 0.00% | 01/01/21 | 12/31/20 | 100,517 | 100,517 | 1 | 100,517 | 1 | 0.00% |
| Southside Bank MMA | | 0.25% | 01/01/21 | 12/31/20 | 4,388,655 | 4,388,655 | 1 | 4,388,655 | 1 | 0.25% |
| BTH Bank MMA / ICS | | 0.11% | 01/01/21 | 12/31/20 | 107,708 | 107,708 | 1 | 107,708 | 1 | 0.11% |
| TexPool | AAAm | 0.09% | 01/01/21 | 12/31/20 | 6,687,555 | 6,687,555 | 1 | 6,687,555 | 1 | 0.09% |
| TexSTAR | AAAm | 0.07% | 01/01/21 | 12/31/20 | 155,909 | 155,909 | 1 | 155,909 | 1 | 0.07% |
| Southside Bank CD | | 1.68% | 02/19/21 | 01/21/20 | 2,000,000 | 2,000,000 | 100 | 2,000,000 | 50 | 1.69% |
| BTH Bank, NA CD | | 2.78% | 03/05/21 | 03/05/19 | 2,000,000 | 2,000,000 | 100 | 2,000,000 | 64 | 2.82% |
| Bank OZK CD | | 1.72% | 04/14/21 | 02/14/20 | 2,000,000 | 2,000,000 | 100 | 2,000,000 | 104 | 1.73% |
| CapTex Bank CD | | 2.50% | 05/09/21 | 05/09/19 | 2,000,000 | 2,000,000 | 100 | 2,000,000 | 129 | 2.53% |
| Bank OZK CDARS | | 2.45% | 05/09/21 | 05/09/19 | 2,000,000 | 2,000,000 | 100 | 2,000,000 | 129 | 2.45% |
| Prosperity Bank CD | | 2.38% | 06/07/21 | 06/07/19 | 2,000,000 | 2,000,000 | 100 | 2,000,000 | 158 | 2.41% |
| Texas Bank Financial CDARS | | 1.00% | 07/29/21 | 07/30/20 | 2,000,000 | 2,000,000 | 100 | 2,000,000 | 210 | 1.00% |
| Texas Bank Financial CDARS | | 1.00% | 08/06/21 | 08/06/20 | 2,000,000 | 2,000,000 | 100 | 2,000,000 | 218 | 1.00% |
| Bank OZK CD | | 0.85% | 11/05/21 | 05/05/20 | 2,000,000 | 2,000,000 | 100 | 2,000,000 | 309 | 0.85% |
| East West Bank CD | | 0.27% | 11/20/21 | 11/20/20 | 2,000,000 | 2,000,000 | 100 | 2,000,000 | 324 | 0.27% |
| Texas Bank CD | | 0.90% | 01/28/22 | 07/28/20 | 245,000 | 245,000 | 100 | 245,000 | 393 | 0.90% |
| Bank OZK CD | | 0.67% | 05/29/22 | 05/29/20 | 2,000,000 | 2,000,000 | 100 | 2,000,000 | 514 | 0.67% |
| Bank OZK CD | | 0.40% | 09/05/22 | 09/04/20 | 2,000,000 | 2,000,000 | 100 | 2,000,000 | 613 | 0.40% |
| Allegiance Bank CD | | 0.30% | 11/20/22 | 11/20/20 | 2,000,000 | 2,000,000 | 100 | 2,000,000 | 689 | 0.30% |
| | | | | | \$ 42,233,804 | \$ 42,233,804 | | \$ 42,233,804 | 169 | 0.93% |
| | | | | | | | | | (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.

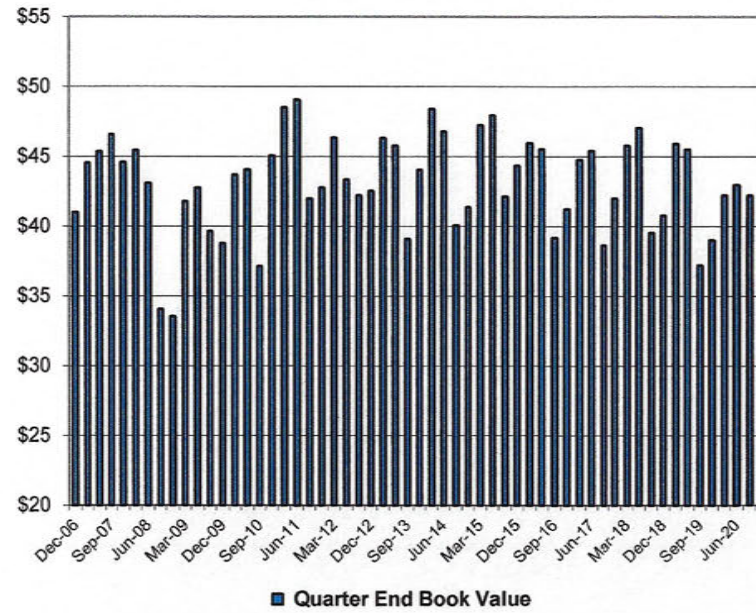
(2) **Weighted average yield to maturity** - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for TexPool, TexSTAR, and Money Market investments.

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

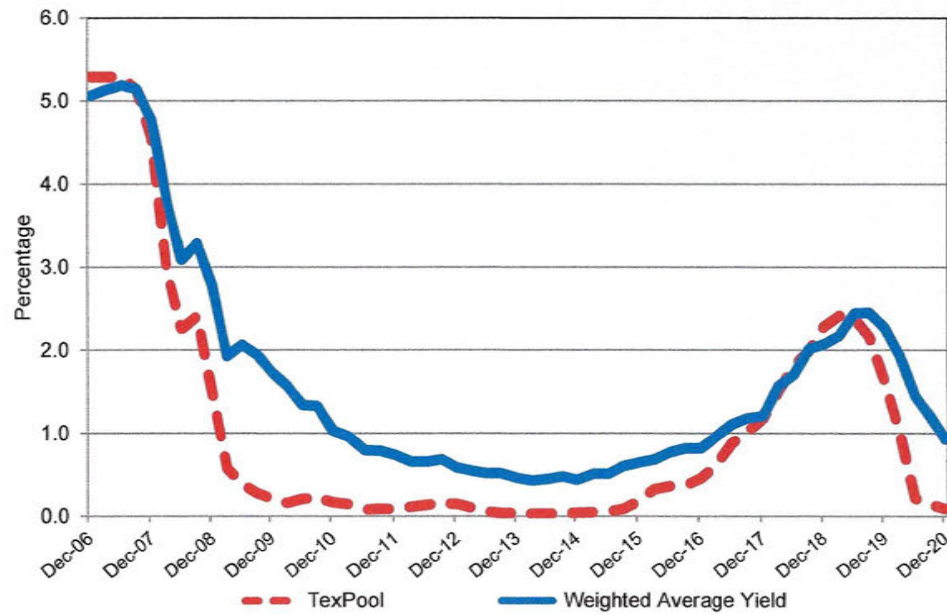
Portfolio Composition



Total Portfolio (Millions)



Total Portfolio Performance



Book and Value Comparison

| Issuer/Description | Yield | Maturity Date | Book Value 09/30/20 | Increases | Decreases | Book Value 12/31/20 | Market Value 09/30/20 | Change in Market Value | Market Value 12/31/20 |
|----------------------------|--------------|---------------|------------------------|---------------------|-----------------------|------------------------|--------------------------|---------------------------|--------------------------|
| DDA | 0.28% | 01/01/21 | \$ 5,016,216 | \$ - | \$ (467,756) | \$ 4,548,460 | \$ 5,016,216 | \$ (467,756) | \$ 4,548,460 |
| DDA Debit Card | 0.00% | 01/01/21 | 100,374 | 143 | - | 100,517 | 100,374 | 143 | 100,517 |
| Southside Bank MMA | 0.25% | 01/01/21 | 4,385,499 | 3,156 | - | 4,388,655 | 4,385,499 | 3,156 | 4,388,655 |
| BTH Bank MMA / ICS | 0.11% | 01/01/21 | 107,673 | 34 | - | 107,708 | 107,673 | 34 | 107,708 |
| TexPool | 0.09% | 01/01/21 | 6,197,009 | 490,546 | - | 6,687,555 | 6,197,009 | 490,546 | 6,687,555 |
| TexSTAR | 0.07% | 01/01/21 | 155,873 | 36 | - | 155,909 | 155,873 | 36 | 155,909 |
| BTH Bank, NA CD | 2.75% | 11/18/20 | 2,000,000 | - | (2,000,000) | - | 2,000,000 | (2,000,000) | - |
| Southside Bank CD | 2.86% | 12/20/20 | 2,000,000 | - | (2,000,000) | - | 2,000,000 | (2,000,000) | - |
| Southside Bank CD | 1.69% | 02/19/21 | 2,000,000 | - | - | 2,000,000 | 2,000,000 | - | 2,000,000 |
| BTH Bank, NA CD | 2.82% | 03/05/21 | 2,000,000 | - | - | 2,000,000 | 2,000,000 | - | 2,000,000 |
| Bank OZK CD | 1.73% | 04/14/21 | 2,000,000 | - | - | 2,000,000 | 2,000,000 | - | 2,000,000 |
| CapTex Bank CD | 2.53% | 05/09/21 | 2,000,000 | - | - | 2,000,000 | 2,000,000 | - | 2,000,000 |
| Bank OZK CDARS | 2.45% | 05/09/21 | 2,000,000 | - | - | 2,000,000 | 2,000,000 | - | 2,000,000 |
| Prosperity Bank CD | 2.41% | 06/07/21 | 2,000,000 | - | - | 2,000,000 | 2,000,000 | - | 2,000,000 |
| Texas Bank Financial CDARS | 1.00% | 07/29/21 | 2,000,000 | - | - | 2,000,000 | 2,000,000 | - | 2,000,000 |
| Texas Bank Financial CDARS | 1.00% | 08/06/21 | 2,000,000 | - | - | 2,000,000 | 2,000,000 | - | 2,000,000 |
| Bank OZK CD | 0.85% | 11/05/21 | 2,000,000 | - | - | 2,000,000 | 2,000,000 | - | 2,000,000 |
| East West Bank CD | 0.27% | 11/20/21 | - | 2,000,000 | - | 2,000,000 | - | 2,000,000 | 2,000,000 |
| Texas Bank CD | 0.90% | 01/28/22 | 245,000 | - | - | 245,000 | 245,000 | - | 245,000 |
| Bank OZK CD | 0.67% | 05/29/22 | 2,000,000 | - | - | 2,000,000 | 2,000,000 | - | 2,000,000 |
| Bank OZK CD | 0.40% | 09/05/22 | 2,000,000 | - | - | 2,000,000 | 2,000,000 | - | 2,000,000 |
| Allegiance Bank CD | 0.30% | 11/20/22 | - | 2,000,000 | - | 2,000,000 | - | 2,000,000 | 2,000,000 |
| TOTAL / AVERAGE | 0.93% | | \$ 42,207,643 | \$ 4,493,916 | \$ (4,467,756) | \$ 42,233,804 | \$ 42,207,643 | \$ 26,161 | \$ 42,233,804 |

FUND EQUITY IN POOLED CASH AND INVESTMENTS

| FUND NO | FUND NAME | 9/30/2020 | 12/31/2020 |
|--|--|----------------------|----------------------|
| 101 | GENERAL FUND | \$ 12,178,709 | \$ 11,943,883 |
| 206 | CONVENTION CENTER-HOTEL/MOTEL TAX FUND | 229,050 | 699,960 |
| 217 | PROPERTY INSURANCE LOSS FUND | (79,819) | (79,757) |
| 221 | SPECIAL RECREATION FUND | 46,016 | 28,231 |
| 225 | PINES THEATER SPECIAL EVENTS FUND | (66,235) | (90,582) |
| 226 | ELLEN TROUT ZOO FUND | 1,902,890 | 1,840,172 |
| 227 | POLICE FORFEITURE FUND | 226,460 | 224,974 |
| 228 | COURT SECURITY/TECHNOLOGY FUND | 79,074 | 83,119 |
| 230 | POLICE DARE CONTRIBUTION FUND | 109 | 109 |
| 232 | DRAINAGE MITIGATION | 27,285 | 27,443 |
| 234 | COMMUNITY DEV/DWNTWN IMPROVEMENT | 35,283 | 34,868 |
| 241 | ANIMAL CONTROL - KURTH GRANT | 87,692 | 74,130 |
| 242 | ANIMAL'S ATTIC GIFT SHOP | 46,114 | 43,420 |
| 250 | POLICE GRANTS & PROPERTY | 629 | (5,409) |
| 251 | FIRE GRANTS | 13,683 | 13,683 |
| 252 | FEMA FUNDED GRANTS | 25,721 | 25,869 |
| 253 | CARES ACT FUND | 115,504) | (115,504) |
| 290 | ECONOMIC DEVELOPMENT | 877,324 | (1,503,473) |
| 295 | LCVB FUND | 607,030 | 262,198 |
| 300 | GF STREET CONSTRUCTION FUND | 40,985 | (11,193) |
| 308 | CONVENTION CENTER - EDI | 29,767 | 29,774 |
| 313 | 2010 CAPITAL IMPROVEMENTS FUND | 55,329 | 55,650 |
| 314 | 2012 CAPITAL IMPROVEMENTS FUND | 16,058 | 16,151 |
| 315 | 2020 CAPITAL IMPROVEMENTS FUND | 4,131,323 | 3,971,521 |
| 340 | TEXAS CAPITAL GRANT FUND | 53 | 53 |
| 341 | ECONOMIC DEVELOPMENT PROJECTS/GRANTS | (1,353,403) | (128,270) |
| 348 | SOLID WASTE DEPRECIATION | 704,693 | 717,358 |
| 357 | 2009 WATER/SEWER CO'S | 275,047 | 276,644 |
| 358 | 2013 WWATER/SEWER CO'S | 772,614 | (272,945) |
| 380 | WATER & WASTEWATER DEPRECIATION | 7,712,857 | 7,943,013 |
| 401 | GENERAL OBLIGATION DEBT SERVICE | 2,297,465 | 3,854,260 |
| 451 | REVENUE BOND DEBT SERVICE | 1,717 | 1,727 |
| 501 | WATER/WASTEWATER FUND | 4,202,074 | 4,297,550 |
| 548 | SOLID WASTE DISPOSAL FUND | 1,907,555 | 1,991,537 |
| 615 | HEALTH INSURANCE - ACTIVE | 2,810,793 | 3,134,809 |
| 616 | RETIREEES HEALTH INSURANCE FUND | 24,358 | 28,332 |
| 641 | EQUIPMENT ACQ & REPLACEMENT FUND | 2,471,070 | 2,834,717 |
| 747 | MEDICAL SAVINGS FUND | (14,221) | (14,221) |
| TOTAL POOLED CASH & INVESTMENTS | | \$ 42,207,643 | \$ 42,233,804 |

Investment Holdings - EDC
December 31, 2020

| Description | Ratings | Coupon/ Discount | Maturity Date | Settlement Date | Par Value | Book Value | Market Price | Market Value | Life (days) | Yield |
|---------------|---------|---------------------|------------------|--------------------|---------------------|---------------------|-----------------|---------------------|----------------|--------------|
| TexPool - EDC | AAAm | 0.09% | 01/01/21 | 12/31/20 | \$ 4,904,009 | \$ 4,904,009 | 1.00 | \$ 4,904,009 | 1 | 0.09% |
| | | | | | <u>\$ 4,904,009</u> | <u>\$ 4,904,009</u> | | <u>\$ 4,904,009</u> | <u>1</u> | <u>0.09%</u> |
| | | | | | | | | | (1) | (2) |

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