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# Our resources at work for your Municipality

UBS Advisory Investment Management

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# UBS Advisory Investment Management

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- **UBS Advisory Solutions** delivers a comprehensive suite of investment solutions designed to help you pursue your financial goals. Each portfolio adheres to a disciplined investment process consisting of custom asset allocation, ongoing monitoring and performance reporting.
- **Unbiased Advice – Fiduciary Relationship** – UBS is a Registered Investment Advisor (RIA) under the US Investment Advisers Act of 1940 and subject to a fiduciary obligation.
- **Comprehensive Reporting Platform** - Ongoing advice, robust risk management, monitoring, oversight by UBS and comprehensive reporting
- Monthly portfolio review to analyze investments and liquidity needs
- Diversified fixed income solutions for your organization's risk and liquidity needs. UBS works collaboratively with clients to understand their needs and provide investment solutions uniquely designed for each client based on a specific set of investment objectives.
- Consultative approach. Client-driven. Collaborative and Customizable
- Less Time on Investments = More Time growing your institution

# ACCESS Program

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- ACCESS is an advisory solution, providing access to a wide variety of leading professional investment management organizations and strategies.
- UBS provides holistic research on each solution and evaluates solutions based on multiple criteria including performance, style consistency, organizational depth and stability.
- Our aim is to provide solutions to help clients pursue their goals, whether those solutions come from UBS or external professional investment management.

# UBS Advisory Benefits

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- Institutional Execution – Price Improvement
  - 2024 YTD \$2,863,000 purchases: \$7,158 to \$15,747
  - 2023 \$5,238,000 purchases: \$13,097 to \$28,813
  - 2022 \$2,852,000 purchases: \$7,130 to \$15,686

\*Estimates using MSRB retail trading data (Municipal Securities Rulemaking Board)
  
- Active Portfolio Management
  - Days with idle cash
    - 2024 – 36 days
    - 2023 – 43 days
    - 2022 – 66 days

# Recommended Solution

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- **UBS Short Duration Treasury Portfolio**
  - 100% US Treasury securities
  - Strategy Duration: 0.99 years
  - Yield – 4.28% (as of 12/31/24)
  - Maximum final maturity is three years
  - Value added relative to the benchmark by active management employed across all opportunity sets: duration, yield curve, sector and issue selection

## UBS US Short Duration Treasury Strategy

3Q 2024 | Short Duration Strategy<sup>1</sup>

### Risk vs. return<sup>2</sup>



### Target investor

Designed for investors with a moderately longer investment horizon, seeking incremental yield over money market funds.

### Objective

To seek to provide returns, over a year market cycle, in excess of the ICE BofA 1 Yr U.S. Treasury Bill Index (MERRIL 1YT)

### Characteristics

- Yield to worst: 3.96%
- Strategy duration: 0.99 years
- Average credit quality of holdings: AAA<sup>4</sup>

### Investment strategy

UBS US Short Duration Treasury Strategy ("The Strategy"), is managed by owning US Treasury securities exclusively, while maintaining a relatively short duration to reduce price volatility and market risk.

### Philosophy

- We believe that the successful management of clients' assets is based on a disciplined investment process that is supported by extensive analysis within the US Treasury market.
- We strive to deliver consistent, above-average returns with below-average risk.
- Our disciplined investment process is designed to deliver long-term, "northwest quadrant" risk/return performance results.
- Our overall focus is on seeking to minimize loss of capital and maintaining liquid portfolios with enhanced yields.

### Portfolio maturity

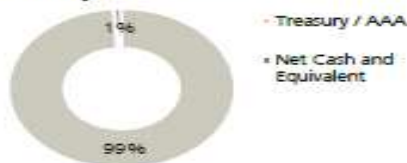
Structure/Duration

- The maximum portfolio duration will be limited to two years.
- The maximum final maturity of any one security is three years.

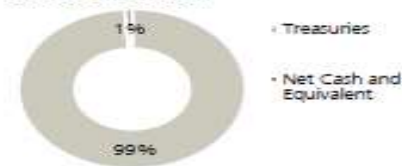
### Quality

- The portfolio will seek to maintain a minimum average credit quality of "AA+/Aaa."

### Quality allocation<sup>3</sup>



### Sector allocation<sup>3</sup>



### Duration distribution<sup>3</sup>



# Advisory Transition

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- Current Portfolio size: \$12.1 million
- Recommend Full Transition: Realize ~\$126,000 in losses
  - Current Yield: 2.73%
  - Projected Yield: 4.28%, over next 12 months ~\$187,550 of additional income

# Fee Schedule

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Expertise and resources to manage fixed income investment portfolios

- **All Inclusive Advisory Fixed Fee based on Assets Under Management**
  - \$12.1 million portfolio the annual advisory fee would be 0.30%
  - Billed quarterly
  - Calculated based on daily average balance



# Next Steps

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- **Update City Investment Policy**
- **Set Investment Portfolio Allocation and Investment Guidelines**
- **Monitor Progress**
  - **Monthly review call with City Finance Team**
  - **Semi Annual Review with Budget Committee**
  - **Annual Review with City Council**