



FINANCE COMMITTEE MEETING

City of Newport Beach | January 15, 2026

CHANDLER ASSET MANAGEMENT | chandlerasset.com

Chandler Team:

For questions about your account, please call (800) 317-4747,
or contact clientservice@chandlerasset.com

INFORMATION ABOUT CHANDLER ASSET MANAGEMENT

INVESTMENT POLICY COMPARISON

PROPOSED CHANGES TO THE INVESTMENT POLICY

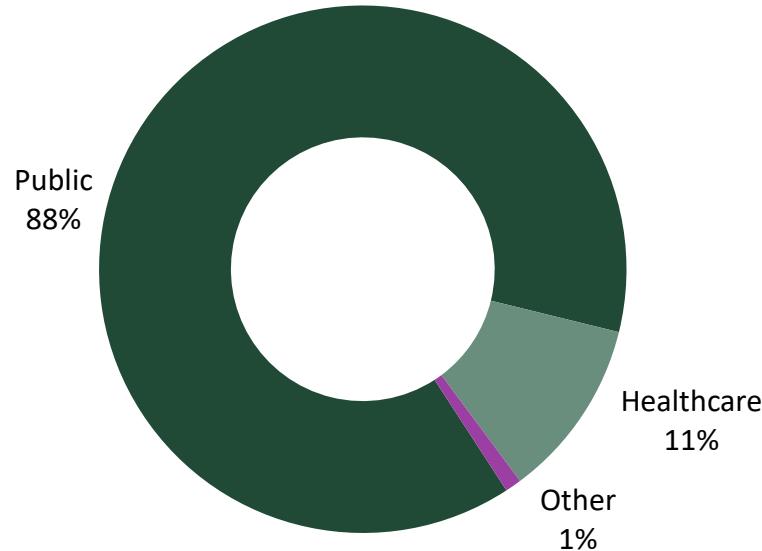


CHANDLER ASSET MANAGEMENT

"We believe if we do what is right for our clients, our own success will follow."

Assets Under Management: \$43.4 Billion

As of September 30, 2025



Chandler's AUM (\$ billions) 2015-2024



Independent & Employee-Owned

- Fixed income investment specialist since 1988
- SEC-Registered Investment Adviser
- Fiduciary management
- Founded by public agency investment professionals
- Serving over 200 local government clients
- Headquartered in San Diego, CA with offices in Ventura, CA; Oakland, CA; Marin County, CA; Seattle, WA; Denver, CO; and Clearwater, FL

Customized Investment Program

- Tailored investment solutions based on individual risk profiles and return goals
- Direct access to the investment management team
- Strategies for operating, short- and long-term reserves, and bond proceeds
- Large enough to aggregate orders and access primary markets, but right-sized to provide customized consultative services

Stable Team of Investment Professionals

- Tenured team of investment professionals with decades of portfolio management experience
- Continuity provided through team approach
- Disciplined, repeatable investment process
- Proprietary investment analysis

Chandler's California AUM | \$33.9 Billion as of 9/30/2025

Inland Area Clients
City of Riverside
City of Chino Hills
Coachella Valley Water District
City of Corona
Beaumont Cherry Valley Water
Elsinore Valley Muni Water Dist.
City of Indio
Jurupa Valley
City of Menifee
City of Moreno Valley
City of Murrieta
City of Palm Springs
City of Perris
Rancho California Water District
San Bernardino Muni Water Department
City of San Jacinto
Temescal Valley Water District
West Valley Water District

Los Angeles Clients
City of Bell
City of Beverly Hills
City of Camarillo
Crescenta Valley Water District
City of El Monte
City of Gardena
City of La Mirada
LA County Metro. Trans. Authority
City of Monterey Park
City of Pico Rivera
City of Pomona
City of Port Hueneme
Three Valleys Muni Water District
Upper San Gabriel Muni Water District
Walnut Valley Water District
West Basin Muni Water District

Orange County Clients
City of Brea
City of Buena Park
City of Costa Mesa
East Orange County Water District
City of Fountain Valley
City of La Habra
City of Mission Viejo
Moulton Niguel Water District
City of Newport Beach
City of Orange
OC Transportation Authority
City of San Clemente
City of San Juan Capistrano
Santa Ana Watershed Project Authority
South Coast Water District
City of Stanton
Transportation Corridor Agencies
City of Tustin
City of Westminster

San Diego Clients
City of Chula Vista
City of Imperial Beach
City of National City
City of Oceanside
County of San Diego - Advisory
San Diego County Regional Airport
San Diego County Water Authority
City of San Marcos
City of Solana Beach
San Diego Community Power
San Diego Unified School District

Chandler has served clients throughout our state since 1988.

INVESTMENT POLICY COMPARISON

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Comparison of Investment Restrictions Under the California Government Code and the City's Investment Policy

City of Newport Beach Investment Policy					California Government Code			
Investment Type	Maximum Maturity	Maximum % of Portfolio	% Issuer	Minimum Rating Category	Maximum Maturity	Maximum % of Portfolio	% Issuer	Minimum Rating Category
US Treasury	5 years	100%	100%	None	5 years	None	None	None
Federal Agency	5 years	100%	30%	None	5 years	None	None	None
Agency MBS/CMO	5 years	100%		None	5 years	None	None	None
Municipal Bonds	5 years	30%	5%	None	5 years	None	None	None
Negotiable CD	2 years	30%	5%	A-1 or A by an NRSRO	5 years	30%	None	None
Non-Negotiable CD	2 years			FDIC insured/collateralized	5 years	None	None	None
Placement Service Deposits	Not Authorized				5 years	50%	None	None
Repurchase Agreement	30 days	30%	5%	A-1 and A by an NRSRO	1 year	None	None	None
Reverse Repurchase Agreement	30 days	10%	5%	A-1 and A by an NRSRO	1 year	20%	None	None
Banker's Acceptances	180 days	40%	5%	A-1 and A by an NRSRO	180 days	40%	30%	None
Commercial Paper	270 days	40%	5%	A-1, A by an NRSRO, if long-term ratings	397 days	40%*	10%	A-1, A by an NRSRO, if long-term ratings
Corporate Medium Term Notes	5 years	30%	5%	A by an NRSRO	5 years	30%		A by an NRSRO
Non-Agency ABS/MBS/CMO	5 years	20%	5%	AAA by an NRSRO	5 years	20%	5%	AA by an NRSRO
Mutual Funds	N/A	20%	10%	Multiple***	N/A	20%	10%	Multiple***
Money Market Mutual Funds	N/A		20%	Multiple****	N/A		20%	Multiple****
Local Agency Investment Fund	N/A	Maximum permitted by LAIF	None	None	N/A	Maximum permitted by LAIF	None	None
California Asset Management Program	N/A	Maximum permitted by LAIF	None	Multiple**	N/A	None	None	Multiple**
Orange County Investment Pool	Not Authorized				N/A	Maximum permitted by County Treasurer	None	None
Supranationals	5 years	20%	10%	AA category by an NRSRO	5 years	30%	30%	AA category by an NRSRO

*40% maximum for public agencies with assets under management >\$100 million, otherwise 25%.

**Investment advisor for the JPA must be registered or exempt from SEC registration, AUM >\$500 million, and at least 5 years investing in instruments authorized by Section 53601 (a) to (0).

***Highest ranking by at least 2 NRSROs, investment advisor for the fund must be registered or exempt from SEC registration, AUM >\$500 million, and at least 5 years investing in instruments authorized by Section 53601 and 53635.

****Highest ranking by at least 2 NRSROs, investment advisor for the fund must be registered or exempt from SEC registration, AUM >\$500 million, and at least 5 years investing in money market instruments.

INVESTMENT POLICY RECOMMENDATIONS

Authorized Investments

- SB 595 was signed into law on 10/3/25 to become effective 1/1/26.
 - Extended the maximum maturity date for prime commercial paper from 270 days to 397 days.
 - For California local agencies with assets under management of at least \$100 million, up to 40% of the portfolio can be invested in eligible commercial paper. The expiration of this provision was extended from 1/1/26 to 1/1/31.
 - Local agencies can invest in securities issued by the US Government that may result in a zero interest accrual. The expiration of this provision was extended from 1/1/26 to 1/1/31.

Glossary of Investment Terms

- Recommend replacing the definition for CDARS with a more general definition for Placement Service Deposits to reflect changes in the industry.
- Added definitions for Fiduciary and Joint Powers Authority (JPA).

Other

- References to the Finance Director have been replaced with Administrative Services Director.
- There are other minor revisions in the investment policy as well.

IMPORTANT DISCLOSURES



2025 Chandler Asset Management, Inc, An Independent Registered Investment Adviser.

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Performance results are presented gross-of-advisory fees and represent the client's Total Return. The deduction of advisory fees lowers performance results. These results include the reinvestment of dividends and other earnings. Past performance may not be indicative of future results. Therefore, clients should not assume that future performance of any specific investment or investment strategy will be profitable or equal to past performance levels. All investment strategies have the potential for profit or loss. Economic factors, market conditions or changes in investment strategies, contributions or withdrawals may materially alter the performance and results of your portfolio.

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Fixed income investments are subject to interest, credit and market risk. Interest rate risk: the value of fixed income investments will decline as interest rates rise. Credit risk: the possibility that the borrower may not be able to repay interest and principal. Low rated bonds generally have to pay higher interest rates to attract investors willing to take on greater risk. Market risk: the bond market in general could decline due to economic conditions, especially during periods of rising interest rates.

Ratings information have been provided by Moody's, S&P and Fitch through data feeds we believe to be reliable as of the date of this statement, however we cannot guarantee its accuracy.

Security level ratings for U.S. Agency issued mortgage-backed securities ("MBS") reflect the issuer rating because the securities themselves are not rated. The issuing U.S. Agency guarantees the full and timely payment of both principal and interest.