

**Metropolitan Transportation Commission
Administration Committee**

March 11, 2026

Agenda Item 4a-26-0171

MTC Investment Portfolio Review

Subject:

Report on the MTC Investment Portfolio.

Background:

In June of 2024, MTC approved a Bench of firms for Investment Management and Advisory Services following a Request for Qualifications (RFQ) process. The Bench includes four firms: Chandler Asset Management, Inc., Meeder Public Funds, Inc., Public Trust Advisors, LLC, and U.S. Bancorp Asset Management, Inc. dba PFM Asset Management LLC. The purpose of the Bench is to utilize the expertise of outside managers to invest a significant portion of the agencies' funds in more credit diverse investment portfolios to achieve higher returns and more sophisticated duration management while still maintaining safety and liquidity.

After Board approval of the bench, staff met with each of the firms to develop appropriate benchmarks and target durations for their individual portfolios. In December of 2024, MTC gave mandates of \$400 million to each of the investment managers on the bench for investment of a total of \$1.6 billion. Three of the firms are investing in one-to-five-year maturities and are benchmarked to a one-to-five-year US corporate and government index with funds that MTC expects to hold for one year or more. The fourth firm is investing shorter-term funds in zero-to-two-year maturities with a blended corporate and treasury index. In October of 2025, MTC allocated an additional \$300 million to the investment managers, based on performance and cash flow needs.

Results:

The investment managers have diversified the investments held in MTC's portfolio and have increased the average life and duration of the investments. Prior to the retention of outside investment managers, MTC's investment portfolio consisted of US treasuries, US agency securities, California government pools, money market funds, and municipal bonds with an average maturity of nine months and an average duration of seven months. As of December 2025, MTC's investment portfolio has added investments in corporate bonds, asset backed securities, commercial paper, supranational bonds, and certificates of deposit. The average maturity has increased to 1.6 years and average duration to 1.3 years. The credit diversification

and more sophisticated duration management have resulted in increased investment income for the agencies. The managers are performing to their respective benchmarks and have complied with MTC's investment policy.

Issues:

None identified.

Recommendations:

None. Information only.

Attachments:

- Presentation: MTC Investment Portfolio Review
- Presentation: Investment Advisory Services Review



Andrew B. Fremier