



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Board Report

Finance and Asset Management Committee

- **Treasurer's Monthly Report**

Summary

The attached Treasurer's monthly report provides Metropolitan's investments, as well as portfolio compliance with Metropolitan's Statement of Investment Policy and investment programs.

Purpose

Administrative Code Requirement 5114

Attachments

| | |
|---------------|---|
| Attachment 1: | Summary of Portfolio Performance Report – January 2024 |
| Attachment 2: | Summary of Portfolio Duration Report – January 2024 |
| Attachment 3: | Summary of Portfolio Holding Report – January 2024 |
| Attachment 4: | Summary Report of Investment & Cash Activity – January 2024 |
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THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: February 12, 2024
To: Finance and Asset Management Committee
From: Katano Kasaine, Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report January 2024

This letter transmits a summary report of investments, cash balances, and performance report with interest and total return, as well as duration comparisons for the end of the reported month. A detailed report of investments is filed each month with the Board Executive Secretary. These reports are required by Section 5114 of the MWD Administrative Code. All of the investments comply with Section 5101 of the MWD Administrative Code and the Investment Policy dated June 13, 2023. Metropolitan has sufficient liquidity to pay for the next six months of expenditures.

Katano Kasaine

Katano Kasaine

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Attachments

Attachment 1
The Metropolitan Water District of Southern California (MWD)
Summary of Portfolio Performance Report
January 31, 2024

| | Market Value (\$ in Thousands) | Monthly Return | | Fiscal YTD Return | | Annualized Total Return | |
|--------------------|-----------------------------------|--------------------|-------------------------------|--------------------|-------------------------------|--------------------------|-----------|
| | | Interest Return | Total Return (1) Benchmark | Interest Return | Total Return (1) Benchmark | Inception-to-Date MWD | Benchmark |
| Liquidity | (2) \$ 401,046 | 0.35% | 0.46% 0.43% | 2.51% | 3.26% 3.14% | 1.92% | 1.47% |
| Core | (3) <u>598,025</u> | 0.24% | 0.36% 0.38% | 1.58% | 3.86% 3.76% | 3.00% | 2.53% |
| Liquidity and Core | \$ 999,071 | | | | | | |
| Endowment | (4,5) 40,937 | 0.39% | 0.46% | 2.78% | 3.07% | | 5.15% |
| Total | <u><u>\$ 1,040,008</u></u> | | | | | | |

(1) Total return includes: (a) interest income from fixed income investments (interest return) and (b) changes in the market price of securities (realized/unrealized gains and/or unrealized losses) over a given evaluation period.
(2) The Liquidity Portfolio Benchmark is the ICE BofAML 3-Month Treasury Bill Index, which serves as a comparative performance metric to the Portfolio's Total Return. Inception date 5/01/2002.
(3) The Core Portfolio Benchmark is comprised of 20% of the ICE BofAML 0 - 1 YEAR US Treasury Index and 80% of the ICE BofAML 1 - 5 Years AAA-A US Corporate & Government Index, which serves as a comparative performance metric to the Portfolio's Total Return. Inception date 7/01/2023.
(4) The Endowment Portfolio includes the Lake Mathews Trust; the DVR Multi-Species Reserve Fund; the Habitat Maintenance Fund-Lower Colorado; the Water Utility Climate Alliance Membership; and the HCP Remedial Measures Fund, among others. The Endowment Portfolio inception date is 7/01/2023.
(5) The total return for the Endowment portfolio reflects the consolidation of multiple funds into a new Endowment Portfolio. It includes (a) interest income and (b) the unrealized losses from the difference between the transferred book value of existing securities and their ending market value.

Attachment 2
The Metropolitan Water District of Southern California (MWD)
Summary of Portfolio Duration Report
January 31, 2024

| | Market Value (\$ in Thousands) | Minimum Duration | MWD Duration | Maximum Duration | Benchmark |
|--------------------|-----------------------------------|---------------------|-----------------|---------------------|-----------|
| Liquidity | (1) \$ 401,046 | 0.00 | 0.19 | 0.72 | 0.22 |
| Core | (2) <u>598,025</u> | 0.65 | 1.89 | 3.65 | 2.15 |
| Liquidity and Core | \$ 999,071 | | | | |
| Endowment | (3) 40,937 | | 1.66 | | |
| Total | <u><u>\$ 1,040,008</u></u> | | | | |

- (1) The Liquidity Portfolio Benchmark is the ICE BofAML 3-Month Treasury Bill Index, which serves as a comparative performance metric to the Portfolio's Total Return.
- (2) The Core Portfolio Benchmark is comprised of 20% of the ICE BofAML 0 - 1 YEAR US Treasury Index and 80% of the ICE BofAML 1 - 5 Years AAA-A US Corporate & Government Index, which serves as a comparative performance metric to the Portfolio's Total Return.
- (3) The Endowment Portfolio includes the Lake Mathews Trust; the DVR Multi-Species Reserve Fund; the Habitat Maintenance Fund-Lower Colorado; the Water Utility Climate Alliance Membership; and the HCP Remedial Measures Fund, among others.

Attachment 3
Summary of Portfolio Holding Report
 (sorted in descending order by Market Value)
January 31, 2024

(\$ in Thousands)

| <u>Securities</u> | <u>Book Value</u> | <u>Market Value</u> | <u>Percent of Portfolio Market Value</u> | <u>Cumulative % of Portfolio</u> |
|---|----------------------------|----------------------------|--|----------------------------------|
| United States Treasuries | \$ 267,132 | \$ 263,780 | 25.36% | 25.36% |
| Medium Term Notes | 222,666 | 221,047 | 21.25% | 46.61% |
| California Asset Management Program | 182,223 | 182,223 | 17.53% | 64.14% |
| Commercial Paper | 97,542 | 97,539 | 9.38% | 73.52% |
| Federal Agencies | 74,802 | 74,586 | 7.17% | 80.69% |
| Negotiable Certificates of Deposit | 68,229 | 68,327 | 6.57% | 87.26% |
| Asset-Backed Securities | 52,980 | 53,145 | 5.11% | 92.37% |
| Mortgage-Backed Securities | 42,705 | 42,982 | 4.13% | 96.50% |
| California Local Agency Investment Fund | 25,000 | 25,000 | 2.40% | 98.90% |
| Supranationals | 7,990 | 7,706 | 0.74% | 99.64% |
| Municipals | 2,310 | 2,162 | 0.21% | 99.85% |
| Money Market Funds | 1,511 | 1,511 | 0.15% | 100.00% |
| Bank Deposits | - | - | - | |
| Bankers' Acceptances | - | - | - | |
| Repurchase Agreements | - | - | - | |
| Total Portfolio | <u>\$ 1,045,090</u> | <u>\$ 1,040,008</u> | <u>100.00%</u> | |

Attachment 4
Summary Report of Investment & Cash Activity
(sorted alphabetically by security)
January 31, 2024

(Shown at Book Value and \$ in Thousands)

| <u>Securities</u> | Beginning Balance | Purchases & Amortization | Sales | Maturities | Ending Balance |
|---|------------------------------|---|-------------------|-------------------|---------------------------|
| Asset-Backed Securities | \$ 51,871 | \$ 4,100 | \$ 2,991 | \$ - | \$ 52,980 |
| Bankers' Acceptances | - | - | - | - | - |
| California Asset Management Program | 388,630 | 127,836 | 334,243 | - | 182,223 |
| California Local Agency Investment Fund | 25,000 | - | - | - | 25,000 |
| Commercial Paper | 98,764 | 5,456 | 6,678 | - | 97,542 |
| Federal Agencies | 74,762 | 40 | - | - | 74,802 |
| Medium Term Notes | 214,595 | 12,001 | - | 3,930 | 222,666 |
| Money Market Funds | 6,931 | 27,965 | 33,385 | - | 1,511 |
| Mortgage-Backed Securities | 39,704 | 3,005 | 4 | - | 42,705 |
| Municipals | 2,310 | - | - | - | 2,310 |
| Negotiable Certificates of Deposit | 43,233 | 27,996 | - | 3,000 | 68,229 |
| Repurchase Agreements | - | - | - | - | - |
| Supranationals | 7,994 | - | 4 | - | 7,990 |
| Time Deposits | - | - | - | - | - |
| United States Treasuries | 291,037 | 15,095 | - | 39,000 | 267,132 |
| Subtotals | \$ 1,244,831 | \$ 223,494 | \$ 377,305 | \$ 45,930 | \$ 1,045,090 |
| | Beginning Balance | Deposits | Withdrawals | Ending Balance | |
| Cash | | | | | |
| Demand Accounts | \$ 2 | \$ - | \$ 2 | \$ - | |
| Petty Cash & Payroll | 5 | | | 5 | |
| Overnight Investment | - | | | - | |
| Subtotals | \$ 7 | \$ - | \$ 2 | \$ 5 | |
| Total | \$ 1,244,838 | \$ 223,494 | \$ 377,305 | \$ 45,932 | \$ 1,045,095 |

Attachment 5
Credit Quality Compliance Report
(sorted alphabetically by Security)
January 31, 2024

(\$ in Thousands)

| <u>Securities</u> | <u>Credit Quality</u> | <u>Market Value</u> | <u>Meets Policy Credit Requirement</u> |
|---|-----------------------------|---------------------|--|
| Asset-Backed Securities | "AA or higher" | \$ 53,145 | yes |
| Bank Deposits | Collateralized/FDIC Insured | - | n/a |
| Bankers' Acceptances | "A-1 or higher" | - | n/a |
| California Asset Management Program (1) | "AAAm or higher" | 182,223 | yes |
| California Local Agency Investment Fund | N/A | 25,000 | yes |
| Commercial Paper | "A1/P1 or higher" | 97,539 | yes |
| Federal Agencies (2) | N/A | 74,586 | yes |
| Medium Term Notes | "A or higher" | 221,047 | yes |
| Money Market Funds | "AAAm" | 1,511 | yes |
| Mortgage-Backed Securities | "AAA" | 42,982 | yes |
| Municipals | "A or higher" | 2,162 | yes |
| Negotiable Certificates of Deposit | "A-1 or higher" | 68,327 | yes |
| Repurchase Agreements | "AAA" | - | n/a |
| Supranationals | "AA or higher" | 7,706 | yes |
| United States Treasuries (2,3) | N/A | 263,780 | yes |
| Total Portfolio | | \$ 1,040,008 | |

- (1) The California Asset Management Program is a program created through a joint powers agency as a pooled short-term portfolio and cash management vehicle for California public agencies. CAMP is a permitted investment for all local agencies under California Government Code Section 53601(p).
- (2) Federal Agencies and United States Treasuries are rated 'AAA' by two nationally recognized rating agencies and 'AA+' by one nationally recognized rating agency.
- (3) Securities have an explicit United States Government guarantee.

Attachment 6
Holding Limit Compliance Report
(sorted in descending order by Holding Limit)
January 31, 2024

(\$ in Thousands)

| <u>Securities</u> | <u>Market Value</u> | <u>Percent of Portfolio Market Value</u> | <u>Holding Limits</u> |
|---|---------------------|--|-----------------------|
| Federal Agencies | \$ 74,586 | 7.17% | 100% |
| Mortgage-Backed Securities | 42,982 | 4.13% | 100% |
| United States Treasuries | 263,780 | 25.36% | 100% |
| Bankers' Acceptances | - | - | 40% |
| California Asset Management Program | 182,223 | 17.53% | 40% |
| Commercial Paper | 97,539 | 9.38% | 40% |
| Bank Deposits | - | - | 30% |
| Medium Term Notes | 221,047 | 21.25% | 30% |
| Municipals | 2,162 | 0.21% | 30% |
| Negotiable Certificates of Deposit | 68,327 | 6.57% | 30% |
| Supranationals | 7,706 | 0.74% | 30% |
| Asset-Backed Securities | 53,145 | 5.11% | 20% |
| Money Market Funds | 1,511 | 0.15% | 20% |
| Repurchase Agreements (1) | - | - | 20% |
| California Local Agency Investment Fund (2) | 25,000 | 2.40% | N/A |
| Total Portfolio | <u>\$ 1,040,008</u> | <u>100.00%</u> | |

- (1) Repurchase agreements can only be executed with primary dealers and collateral consists of Treasuries and/or Federal Agencies with maturities under 5 years.
- (2) \$75 million maximum allowed by California Local Agency Investment Fund for Operating Accounts.

Attachment 7
Maturity Compliance Report
(sorted alphabetically by Security)
January 31, 2024

(weighted average maturity in years)

| <u>Securities</u> | <u>Liquidity Portfolio</u> | <u>Core Portfolio</u> | <u>Endowment Portfolio</u> | <u>Maximum Maturity</u> | <u>Compliance (3)</u> |
|---|----------------------------|-----------------------|----------------------------|-------------------------|-----------------------|
| Asset-Backed Securities | 1.628 | 4.033 | 4.866 | 5.00 | yes |
| Bankers' Acceptances | - | - | - | 0.49 | n/a |
| California Asset Management Program | 0.003 | - | 0.003 | N/A | yes |
| California Local Agency Investment Fund | 0.003 | - | - | N/A | yes |
| Commercial Paper | 0.201 | 0.074 | 0.527 | 0.74 | yes |
| Federal Agencies (1,2) | 0.317 | 1.653 | - | 5.00 | yes |
| Medium Term Notes | 0.653 | 2.735 | 3.989 | 5.00 | yes |
| Money Market Funds | 0.003 | 0.003 | 0.003 | N/A | yes |
| Mortgage-Backed Securities | - | 3.057 | 4.648 | 5.00 | yes |
| Municipals (2) | - | 2.150 | - | 5.00 | yes |
| Negotiable Certificates of Deposit | 0.453 | 0.951 | - | 5.00 | yes |
| Repurchase Agreements | - | - | - | 0.74 | n/a |
| Supranationals | - | 0.954 | 2.948 | 5.00 | yes |
| United States Treasuries (1,2) | 0.495 | 2.046 | 3.926 | 5.00 | yes |
| Weighted Average Maturity | 0.254 | 2.276 | 1.872 | | |

- (1) The Core Portfolio may be invested in Federal Agency and United States Treasury securities with maturities in excess of five years.
- (2) The Treasurer is authorized to invest the Endowment Portfolio in investments with a term to maximum maturity in excess of five years. The Endowment Portfolio includes, but is not limited to, the Lake Mathews Trust; the DVR Multi-Species Reserve Fund; the Habitat Maintenance Fund-Lower Colorado; the Water Utility Climate Alliance Membership; and the HCP Remedial Fund.
- (3) While the Maturity Compliance Report displays the weighted average maturity by security type, the response regarding compliance to the investment policy is at the individual security level.