



● **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 Section 5114

Attachments

Attachment 1:	Summary of Portfolio Performance Report – May 2022
Attachment 2:	Summary of Portfolio Duration Report – May 2022
Attachment 3:	Summary of Portfolio Holding Report – May 2022
Attachment 4:	Summary Report of Investment & Cash Activity – May 2022
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THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: June 13, 2022
To: Finance and Insurance Committee
From: Katano Kasaine, Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report May 2022

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 8, 2021. Metropolitan has sufficient liquidity to pay for the next six months of expenditures.

A handwritten signature in blue ink that reads "Katano Kasaine".

Katano Kasaine

KK:mt

Attachments

Attachment 1
The Metropolitan Water District of Southern California (MWD)
Summary of Portfolio Performance Report
May 31, 2022

	Market Value	Monthly Return			Fiscal YTD Return			Annualized Total Return *Inception-to-Date	
		<u>(\$ in Thousands)</u>	<u>Interest</u> Return	<u>Total</u> Return (1)	<u>Benchmark</u>	<u>Interest</u> Return	<u>Total</u> Return (1)	<u>Benchmark</u>	<u>MWD</u>
Liquidity	(2) \$ 1,253,071	0.06%	0.11%	0.07%	0.57%	(0.09%)	0.15%	1.75%	1.26%
Core	(3) 188,667	0.11%	0.58%	0.63%	1.28%	(3.96%)	(4.18%)	3.06%	2.59%
Liquidity and Core	\$ 1,441,738								
Other Funds	(4) 5,248	0.03%	0.46%		0.37%	(2.26%)		4.01%	
Total	<u>\$ 1,446,986</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.

(3) The Core Portfolio Benchmark is the ICE BofAML 1 - 5 Years AAA-A US Corporate and Government Index, which serves as a comparative performance metric to the Portfolio's Total Return.

(4) Debt Service Reserve Funds and Lake Mathews Trust.

* Inception Date 5/01/2002

Attachment 2
The Metropolitan Water District of Southern California (MWD)
Summary of Portfolio Duration Report
May 31, 2022

		<u>Market Value</u> (\$ in Thousands)	<u>Minimum</u> <u>Duration</u>	<u>MWD</u> <u>Duration</u>	<u>Maximum</u> <u>Duration</u>	<u>Benchmark</u>
Liquidity	(1)	\$ 1,253,071	0.00	0.34	0.73	0.23
Core	(2)	<u>188,667</u>	1.14	2.23	4.14	2.64
Liquidity and Core		\$ 1,441,738				
Other Funds	(3)	5,248		1.47		
Total		<u><u>\$ 1,446,986</u></u>				

(1) The Liquidity Portfolio Benchmark is the ICE BofAML 3-Month Treasury Bill Index.

(2) The Core Portfolio Benchmark is the ICE BofAML 1 - 5 years AAA-A US Corporate and Government Index.

(3) Debt Service Reserve Funds and Lake Mathews Trust.

* Inception Date 5/01/2002

Attachment 3
Summary of Portfolio Holding Report
 (sorted in descending order by Market Value)
 May 31, 2022

(\$ 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	\$ 271,068	\$ 264,531	18.28%	18.28%
Negotiable Certificates of Deposit	252,285	251,517	17.38%	35.66%
Commercial Paper	243,600	243,383	16.82%	52.48%
Medium Term Notes	212,829	209,501	14.48%	66.96%
California Asset Management Program	176,595	176,595	12.21%	79.17%
Asset-Backed Securities	92,862	91,920	6.35%	85.52%
California Local Agency Investment Fund	75,000	75,000	5.18%	90.70%
Supranationals	74,737	73,919	5.11%	95.81%
Federal Agencies	41,545	41,038	2.84%	98.65%
Mortgage-Backed Securities	15,502	14,943	1.03%	99.68%
Municipals	3,246	3,134	0.22%	99.90%
Money Market Funds	1,505	1,505	0.10%	100.00%
Bank Deposits	-	-	-	
Bankers' Acceptances	-	-	-	
Repurchase Agreements	-	-	-	
Total Portfolio	\$ 1,460,774	\$ 1,446,986	100.00%	

Attachment 4
Summary Report of Investment & Cash Activity
(sorted alphabetically by security)
May 31, 2022

(Shown at Book Value and \$ in Thousands)

<u>Securities</u>	Beginning Balance	Purchases & Amortization	Sales	Maturities	Ending Balance
Asset-Backed Securities	\$ 93,268	\$ 6,678	\$ 7,084	\$ -	\$ 92,862
Bankers' Acceptances	-	-	-	-	-
California Asset Management Program	206,041	137,768	167,214	-	176,595
California Local Agency Investment Fund	75,000	-	-	-	75,000
Commercial Paper	188,768	74,832	-	20,000	243,600
Federal Agencies	41,549	-	4	-	41,545
Medium Term Notes	219,917	26,601	5,262	28,427	212,829
Money Market Funds	3,398	7,614	9,507	-	1,505
Mortgage-Backed Securities	15,972	2	472	-	15,502
Municipals	3,241	5	-	-	3,246
Negotiable Certificates of Deposit	237,367	54,918	-	40,000	252,285
Repurchase Agreements	-	-	-	-	-
Supranationals	69,890	4,847	-	-	74,737
Time Deposits	-	-	-	-	-
United States Treasuries	291,148	-	80	20,000	271,068
Subtotals	\$ 1,445,559	\$ 313,265	\$ 189,623	\$ 108,427	\$ 1,460,774
	Beginning Balance	Deposits	Withdrawals	Ending Balance	
Cash					
Demand Accounts	\$ 1	142		143	
Petty Cash & Payroll	5			5	
Overnight Investment	-			-	
Subtotals	\$ 6	\$ 142	\$ -	\$ -	\$ 148
Total	\$ 1,445,565	\$ 313,407	\$ 189,623	\$ 108,427	\$ 1,460,922

Attachment 5
Credit Quality Compliance Report
(sorted alphabetically by Security)
May 31, 2022

(\$ 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"	\$ 91,920	yes
Bank Deposits		Collateralized/FDIC Insured	-	n/a
Bankers' Acceptances		"A-1 or higher"	-	n/a
California Asset Management Program	(1)	"AAAm or higher"	176,595	yes
California Local Agency Investment Fund		N/A	75,000	yes
Commercial Paper		"A1/P1 or higher"	243,383	yes
Federal Agencies	(2)	N/A	41,038	yes
Medium Term Notes		"A or higher"	209,501	yes
Money Market Funds		"AAA"	1,505	yes
Mortgage-Backed Securities		"AAA"	14,943	yes
Municipals		"A or higher"	3,134	yes
Negotiable Certificates of Deposit		"A-1 or higher"	251,517	yes
Repurchase Agreements		"AAA"	-	n/a
Supranationals		"AA or higher"	73,919	yes
United States Treasuries	(2,3)	N/A	264,531	yes
Total Portfolio			<u>\$ 1,446,986</u>	

- (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)
May 31, 2022

(\$ in Thousands)

<u>Securities</u>	<u>Market Value</u>	<u>Percent of Portfolio Market Value</u>	<u>Holding Limits</u>
Federal Agencies	\$ 41,038	2.84%	100%
Mortgage-Backed Securities	14,943	1.03%	100%
United States Treasuries	264,531	18.28%	100%
Bankers' Acceptances	-	-	40%
California Asset Management Program	176,595	12.21%	40%
Commercial Paper	243,383	16.82%	40%
Bank Deposits	-	-	30%
Medium Term Notes	209,501	14.48%	30%
Municipals	3,134	0.22%	30%
Negotiable Certificates of Deposit	251,517	17.38%	30%
Supranationals	73,919	5.11%	30%
Asset-Backed Securities	91,920	6.35%	20%
Money Market Funds	1,505	0.10%	20%
Repurchase Agreements	(1) -	-	20%
California Local Agency Investment Fund	(2) 75,000	5.18%	N/A
Total Portfolio	<u>\$ 1,446,986</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)
May 31, 2022

(weighted average maturity in years)

<u>Securities</u>		<u>Liquidity Portfolio</u>	<u>Core Portfolio</u>	<u>Other Funds</u>	<u>Maximum Maturity</u>	<u>Compliance (3)</u>
Asset-Backed Securities		2.151	3.616	-	5.00	yes
Bankers' Acceptances		-	-	-	0.49	n/a
California Asset Management Program		0.003	-	-	N/A	yes
California Local Agency Investment Fund		0.003	-	-	N/A	yes
Commercial Paper		0.164	-	-	0.74	yes
Federal Agencies	(1,2)	0.953	-	0.701	5.00	yes
Medium Term Notes		0.721	3.132	-	5.00	yes
Money Market Funds		0.003	0.003	0.003	N/A	yes
Mortgage-Backed Securities		-	1.556	-	5.00	yes
Municipals	(2)	-	3.827	2.170	5.00	yes
Negotiable Certificates of Deposit		0.370	-	-	5.00	yes
Repurchase Agreements		-	-	-	0.74	n/a
Supranationals		0.616	1.967	-	5.00	yes
United States Treasuries	(1,2)	0.651	2.285	2.784	5.00	yes
Weighted Average Maturity		0.490	2.471	1.523		

- (1) The core portfolio may be invested in Federal Agency and United States Treasury securities with maturities in excess five years.
- (2) The Treasurer is authorized to invest special trust funds in investment with a term to maximum maturity in excess of five years. These funds included, but are not limited to, the Water Revenue Bond Reserve Funds, Debt Service Funds, the Iron Mountain Landfill Closure/Post-Closure Maintenance Trust Fund, and the Lake Mathews Multi-Species Reserve Trust 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.