



● **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 – December 2022
Attachment 2:	Summary of Portfolio Duration Report – December 2022
Attachment 3:	Summary of Portfolio Holding Report – December 2022
Attachment 4:	Summary Report of Investment & Cash Activity – December 2022
Attachment 5:	Credit Quality Compliance Report – December 2022
Attachment 6:	Holding Limit Compliance Report – December 2022
Attachment 7:	Maturity Compliance Report – December 2022



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: January 9, 2023
To: Finance and Insurance Committee
From: Katano Kasaine, Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report December 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 14, 2022. 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
December 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) \$ 1,139,263	0.22%	0.36%	0.36%	0.94%	1.12%	1.31%	1.75%	1.29%
Core	(3) <u>235,659</u>	0.13%	0.10%	0.09%	0.69%	(0.75%)	(1.21%)	2.90%	2.43%
Liquidity and Core	\$ 1,374,922								
Other Funds	(4) 3,520	0.09%	0.21%		0.48%	(0.97%)		3.83%	
Total	<u>\$ 1,378,442</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) Lake Mathews Trust; Debt Service Reserve Funds were closed in September 2022.

* Inception Date 5/01/2002

Attachment 2
The Metropolitan Water District of Southern California (MWD)
Summary of Portfolio Duration Report
December 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)	\$ 1,139,263	0.00	0.35	0.73	0.23
Core	(2)	<u>235,659</u>	1.05	1.88	4.05	2.55
Liquidity and Core		\$ 1,374,922				
Other Funds	(3)	3,520		2.06		
Total		<u><u>\$ 1,378,442</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) Lake Mathews Trust; Debt Service Reserve Funds were closed in September 2022.

* Inception Date 5/01/2002

Attachment 3
Summary of Portfolio Holding Report
(sorted in descending order by Market Value)
December 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>
California Asset Management Program	\$ 336,520	\$ 336,520	24.41%	24.41%
Medium Term Notes	243,856	239,326	17.36%	41.77%
United States Treasuries	213,187	204,623	14.85%	56.62%
Negotiable Certificates of Deposit	179,100	178,550	12.95%	69.57%
Federal Agencies	119,457	118,669	8.61%	78.18%
Asset-Backed Securities	84,862	83,711	6.07%	84.25%
Commercial Paper	77,960	77,886	5.65%	89.90%
California Local Agency Investment Fund	75,000	75,000	5.44%	95.34%
Supranationals	54,567	53,826	3.91%	99.25%
Mortgage-Backed Securities	7,130	6,431	0.47%	99.72%
Municipals	2,310	2,071	0.15%	99.87%
Money Market Funds	1,829	1,829	0.13%	100.00%
Bank Deposits	-	-	-	
Bankers' Acceptances	-	-	-	
Repurchase Agreements	-	-	-	
Total Portfolio	<u>\$ 1,395,778</u>	<u>\$ 1,378,442</u>	<u>100.00%</u>	

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

(Shown at Book Value and \$ in Thousands)

<u>Securities</u>	Beginning Balance	Purchases & Amortization	Sales	Maturities	Ending Balance
Asset-Backed Securities	\$ 92,129	\$ -	\$ 7,267	\$ -	\$ 84,862
Bankers' Acceptances	-	-	-	-	-
California Asset Management Program	289,788	246,792	200,060	-	336,520
California Local Agency Investment Fund	75,000	-	-	-	75,000
Commercial Paper	59,314	23,646	-	5,000	77,960
Federal Agencies	117,252	32,205	-	30,000	119,457
Medium Term Notes	211,530	37,370	5,044	-	243,856
Money Market Funds	659	66,457	65,287	-	1,829
Mortgage-Backed Securities	8,059	18	947	-	7,130
Municipals	2,310	-	-	-	2,310
Negotiable Certificates of Deposit	187,100	12,000	-	20,000	179,100
Repurchase Agreements	-	-	-	-	-
Supranationals	54,598	-	31	-	54,567
Time Deposits	-	-	-	-	-
United States Treasuries	185,440	27,747	-	-	213,187
Subtotals	\$ 1,283,179	\$ 446,235	\$ 278,636	\$ 55,000	\$ 1,395,778
	Beginning Balance	Deposits		Withdrawals	Ending Balance
<u>Cash</u>					
Demand Accounts	\$ 8	\$ 186		\$ -	\$ 194
Petty Cash & Payroll	5				5
Overnight Investment	-				-
Subtotals	\$ 13	\$ 186		\$ -	\$ 199
Total	\$ 1,283,192	\$ 446,421	\$ 278,636	\$ 55,000	\$ 1,395,977

Attachment 5
Credit Quality Compliance Report
(sorted alphabetically by Security)
December 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"	\$ 83,711	yes
Bank Deposits		Collateralized/FDIC Insured	-	n/a
Bankers' Acceptances		"A-1 or higher"	-	n/a
California Asset Management Program	(1)	"AAAm or higher"	336,520	yes
California Local Agency Investment Fund		N/A	75,000	yes
Commercial Paper		"A1/P1 or higher"	77,886	yes
Federal Agencies	(2)	N/A	118,669	yes
Medium Term Notes		"A or higher"	239,326	yes
Money Market Funds		"AAA"	1,829	yes
Mortgage-Backed Securities		"AAA"	6,431	yes
Municipals		"A or higher"	2,071	yes
Negotiable Certificates of Deposit	(3)	"A-1 or higher"	178,550	yes
Repurchase Agreements		"AAA"	-	n/a
Supranationals		"AA or higher"	53,826	yes
United States Treasuries	(2,4)	N/A	204,623	yes
Total Portfolio			\$ 1,378,442	

- (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) In November 2022, Credit Suisse New York Security was downgraded by S&P from A-1 to A-2. As of December 2022, Credit Suisse New York Security's market value was \$9.9 million or 0.72% of the total portfolio. Management had determined to hold security to maturity.
- (4) Securities have an explicit United States Government guarantee.

Attachment 6
Holding Limit Compliance Report
(sorted in descending order by Holding Limit)
December 31, 2022

(\$ in Thousands)

<u>Securities</u>	<u>Market Value</u>	<u>Percent of Portfolio Market Value</u>	<u>Holding Limits</u>
Federal Agencies	\$ 118,669	8.61%	100%
Mortgage-Backed Securities	6,431	0.47%	100%
United States Treasuries	204,623	14.85%	100%
Bankers' Acceptances	-	-	40%
California Asset Management Program	336,520	24.41%	40%
Commercial Paper	77,886	5.65%	40%
Bank Deposits	-	-	30%
Medium Term Notes	239,326	17.36%	30%
Municipals	2,071	0.15%	30%
Negotiable Certificates of Deposit	178,550	12.95%	30%
Supranationals	53,826	3.91%	30%
Asset-Backed Securities	83,711	6.07%	20%
Money Market Funds	1,829	0.13%	20%
Repurchase Agreements	(1) -	-	20%
California Local Agency Investment Fund	(2) 75,000	5.44%	N/A
Total Portfolio	<u>\$ 1,378,442</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)
December 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		2.164	3.071	-	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		0.222	0.529	-	0.74	yes
Federal Agencies	(1,2)	0.710	2.263	0.745	5.00	yes
Medium Term Notes		0.729	2.956	-	5.00	yes
Money Market Funds		0.003	0.003	0.003	N/A	yes
Mortgage-Backed Securities		-	1.893	-	5.00	yes
Municipals	(2)	-	3.241	-	5.00	yes
Negotiable Certificates of Deposit		0.482	2.822	-	5.00	yes
Repurchase Agreements		-	-	-	0.74	n/a
Supranationals		0.216	1.384	-	5.00	yes
United States Treasuries	(1,2)	0.901	1.986	2.901	5.00	yes
Weighted Average Maturity		0.482	2.200	2.208		

- (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 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.