



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



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: November 7, 2022
To: Finance and Insurance Committee
From: Katano Kasaine, Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report October 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.

Katano Kasaine

Katano Kasaine

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Attachments

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

	Market Value	Monthly Return			Fiscal YTD Return			Annualized Total Return *Inception-to-Date	
		<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>	<u>Benchmark</u>
Liquidity	(2) \$ 1,007,623	0.17%	0.15%	0.16%	0.52%	0.43%	0.62%	1.73%	1.27%
Core	(3) 184,040	0.11%	(0.18%)	(0.23%)	0.45%	(1.78%)	(2.49%)	2.87%	2.38%
Liquidity and Core	\$ 1,191,663								
Other Funds	(4) 3,478	0.09%	(0.22%)		0.30%	(2.19%)		3.80%	
Total	<u>\$ 1,195,141</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
October 31, 2022

		Market Value (\$ in Thousands)	Minimum Duration	MWD Duration	Maximum Duration	Benchmark
Liquidity	(1)	\$ 1,007,623	0.00	0.35	0.73	0.23
Core	(2)	<u>184,040</u>	1.05	1.92	4.05	2.55
Liquidity and Core		\$ 1,191,663				
Other Funds	(3)	3,478		2.20		
Total		<u><u>\$ 1,195,141</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)
October 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	\$ 233,500	\$ 233,500	19.54%	19.54%
Negotiable Certificates of Deposit	197,600	196,328	16.43%	35.97%
United States Treasuries	195,480	185,650	15.53%	51.50%
Medium Term Notes	179,901	174,102	14.57%	66.07%
Asset-Backed Securities	99,298	97,735	8.18%	74.25%
Federal Agencies	88,235	87,233	7.30%	81.55%
Commercial Paper	81,093	80,910	6.77%	88.32%
California Local Agency Investment Fund	75,000	75,000	6.27%	94.59%
Supranationals	54,629	53,633	4.49%	99.08%
Mortgage-Backed Securities	8,782	8,016	0.67%	99.75%
Municipals	2,310	2,038	0.17%	99.92%
Money Market Funds	996	996	0.08%	100.00%
Bank Deposits	-	-	-	
Bankers' Acceptances	-	-	-	
Repurchase Agreements	-	-	-	
Total Portfolio	\$ 1,216,824	\$ 1,195,141	100.00%	

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

(Shown at Book Value and \$ in Thousands)

<u>Securities</u>	Beginning Balance	Purchases & Amortization	Sales	Maturities	Ending Balance
Asset-Backed Securities	\$ 106,293	\$ -	\$ 6,995	\$ -	\$ 99,298
Bankers' Acceptances	-	-	-	-	-
California Asset Management Program	252,790	137,135	156,425	-	233,500
California Local Agency Investment Fund	75,000	-	-	-	75,000
Commercial Paper	56,288	24,805	-	-	81,093
Federal Agencies	106,361	6,874	-	25,000	88,235
Medium Term Notes	177,241	28,610	-	25,950	179,901
Money Market Funds	1,984	13,531	14,519	-	996
Mortgage-Backed Securities	9,811	33	1,062	-	8,782
Municipals	2,310	-	-	-	2,310
Negotiable Certificates of Deposit	207,000	25,600	-	35,000	197,600
Repurchase Agreements	-	-	-	-	-
Supranationals	59,666	-	37	5,000	54,629
Time Deposits	-	-	-	-	-
United States Treasuries	206,158	882	-	11,560	195,480
Subtotals	\$ 1,260,902	\$ 237,470	\$ 179,038	\$ 102,510	\$ 1,216,824
	Beginning Balance	Deposits		Withdrawals	Ending Balance
<u>Cash</u>					
Demand Accounts	\$ 316	\$ -		\$ 255	\$ 61
Petty Cash & Payroll	5				5
Overnight Investment	-				-
Subtotals	\$ 321	\$ -		\$ 255	\$ 66
Total	\$ 1,261,223	\$ 237,470	\$ 179,038	\$ 102,765	\$ 1,216,890

Attachment 5
Credit Quality Compliance Report
(sorted alphabetically by Security)
October 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"	\$ 97,735	yes
Bank Deposits		Collateralized/FDIC Insured	-	n/a
Bankers' Acceptances		"A-1 or higher"	-	n/a
California Asset Management Program	(1)	"AAAm or higher"	233,500	yes
California Local Agency Investment Fund		N/A	75,000	yes
Commercial Paper		"A1/P1 or higher"	80,910	yes
Federal Agencies	(2)	N/A	87,233	yes
Medium Term Notes		"A or higher"	174,102	yes
Money Market Funds		"AAA"	996	yes
Mortgage-Backed Securities		"AAA"	8,016	yes
Municipals		"A or higher"	2,038	yes
Negotiable Certificates of Deposit		"A-1 or higher"	196,328	yes
Repurchase Agreements		"AAA"	-	n/a
Supranationals		"AA or higher"	53,633	yes
United States Treasuries	(2,3)	N/A	185,650	yes
Total Portfolio			<u>\$ 1,195,141</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)
October 31, 2022

(\$ in Thousands)

<u>Securities</u>	<u>Market Value</u>	<u>Percent of Portfolio Market Value</u>	<u>Holding Limits</u>
Federal Agencies	\$ 87,233	7.30%	100%
Mortgage-Backed Securities	8,016	0.67%	100%
United States Treasuries	185,650	15.53%	100%
Bankers' Acceptances	-	-	40%
California Asset Management Program	233,500	19.54%	40%
Commercial Paper	80,910	6.77%	40%
Bank Deposits	-	-	30%
Medium Term Notes	174,102	14.57%	30%
Municipals	2,038	0.17%	30%
Negotiable Certificates of Deposit	196,328	16.43%	30%
Supranationals	53,633	4.49%	30%
Asset-Backed Securities	97,735	8.18%	20%
Money Market Funds	996	0.08%	20%
Repurchase Agreements	(1) -	-	20%
California Local Agency Investment Fund	(2) 75,000	6.27%	N/A
Total Portfolio	<u>\$ 1,195,141</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)
October 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		2.233	3.208	-	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		0.236	0.636	-	0.74	yes
Federal Agencies	(1,2)	0.616	-	0.912	5.00	yes
Medium Term Notes		0.841	2.877	-	5.00	yes
Money Market Funds		0.003	0.003	0.003	N/A	yes
Mortgage-Backed Securities		-	1.827	-	5.00	yes
Municipals	(2)	-	3.408	-	5.00	yes
Negotiable Certificates of Deposit		0.458	-	-	5.00	yes
Repurchase Agreements		-	-	-	0.74	n/a
Supranationals		0.384	1.551	-	5.00	yes
United States Treasuries	(1,2)	0.646	1.901	3.068	5.00	yes
Weighted Average Maturity		0.537	2.178	2.370		

- (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.