



● **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 – August 2023
Attachment 2:	Summary of Portfolio Duration Report – August 2023
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Attachment 4:	Summary Report of Investment & Cash Activity – August 2023
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THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: September 12, 2023
To: Finance, Audit, Insurance, and Real Property Committee
From: Katano Kasaine, Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report August 2023

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.

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
August 31, 2023

		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)	\$ 534,043	0.33%	0.46%	0.45%	0.66%	0.90%	0.85%	1.85%	1.39%
Core	(3)	<u>580,199</u>	0.22%	0.32%	0.29%	0.42%	0.72%	0.66%	2.91%	2.43%
Liquidity and Core		\$ 1,114,242								
Endowment	(4,5)	39,798	0.42%	0.43%		0.81%	0.38%		2.25%	
Total		<u><u>\$ 1,154,040</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 07/01/2023.

(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 07/01/2023.

(5) The total return for Fiscal YTD and Inception-to-Date for the Endowment portfolio includes (a) interest income and (b) the unrealized losses from the difference between the transferred book value on July 1st of existing securities and their market value at the end of the month.

Attachment 2
The Metropolitan Water District of Southern California (MWD)
Summary of Portfolio Duration Report
August 31, 2023

		<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)	\$ 534,043	0.00	0.19	0.74	0.24
Core	(2)	<u>580,199</u>	0.66	1.98	3.66	2.16
Liquidity and Core		\$ 1,114,242				
Endowment	(3)	39,798		0.21		
Total		<u><u>\$ 1,154,040</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. Inception date 5/01/2002.

(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. Inception date 07/01/2023.

(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. The Endowment Portfolio inception date is 07/01/2023.

Attachment 3
Summary of Portfolio Holding Report
(sorted in descending order by Market Value)
August 31, 2023

(\$ 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	\$ 287,257	\$ 280,005	24.26%	24.26%
California Asset Management Program	251,622	251,622	21.80%	46.06%
Medium Term Notes	216,170	211,375	18.32%	64.38%
Federal Agencies	118,048	117,183	10.15%	74.53%
Negotiable Certificates of Deposit	85,208	85,027	7.37%	81.90%
Asset-Backed Securities	56,415	55,873	4.84%	86.74%
Commercial Paper	50,350	50,304	4.36%	91.10%
Money Market Funds	40,464	40,464	3.51%	94.61%
Mortgage-Backed Securities	28,999	28,320	2.45%	97.06%
California Local Agency Investment Fund	25,000	25,000	2.17%	99.23%
Supranationals	7,217	6,769	0.59%	99.82%
Municipals	2,310	2,098	0.18%	100.00%
Bank Deposits	-	-	-	
Bankers' Acceptances	-	-	-	
Repurchase Agreements	-	-	-	
Total Portfolio	\$ 1,169,060	\$ 1,154,040	100.00%	

Attachment 4
Summary Report of Investment & Cash Activity
(sorted alphabetically by security)
August 31, 2023

(Shown at Book Value and \$ in Thousands)

<u>Securities</u>	Beginning Balance	Purchases & Amortization	Sales	Maturities	Ending Balance
Asset-Backed Securities	\$ 50,000	\$ 11,015	\$ 4,600	\$ -	\$ 56,415
Bankers' Acceptances	-	-	-	-	-
California Asset Management Program	236,963	102,569	87,910	-	251,622
California Local Agency Investment Fund	25,000	-	-	-	25,000
Commercial Paper	102,664	5,186	7,500	50,000	50,350
Federal Agencies	137,083	170	-	19,205	118,048
Medium Term Notes	204,729	16,566	-	5,125	216,170
Money Market Funds	55,541	57,188	72,265	-	40,464
Mortgage-Backed Securities	13,721	15,280	2	-	28,999
Municipals	2,310	-	-	-	2,310
Negotiable Certificates of Deposit	97,205	10,003	7,000	15,000	85,208
Repurchase Agreements	-	-	-	-	-
Supranationals	7,222	-	5	-	7,217
Time Deposits	-	-	-	-	-
United States Treasuries	310,122	3,435	-	26,300	287,257
Subtotals	\$ 1,242,560	\$ 221,412	\$ 179,282	\$ 115,630	\$ 1,169,060
	Beginning Balance	Deposits		Withdrawals	Ending Balance
Cash					
Demand Accounts	\$ 2	\$ -		\$ 2	\$ -
Petty Cash & Payroll	5				5
Overnight Investment	-				-
Subtotals	\$ 7	\$ -		\$ 2	\$ 5
Total	\$ 1,242,567	\$ 221,412	\$ 179,282	\$ 115,632	\$ 1,169,065

Attachment 5
Credit Quality Compliance Report
(sorted alphabetically by Security)
August 31, 2023

(\$ 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"	\$ 55,873	yes
Bank Deposits	Collateralized/FDIC Insured	-	n/a
Bankers' Acceptances	"A-1 or higher"	-	n/a
California Asset Management Program (1)	"AAAm or higher"	251,622	yes
California Local Agency Investment Fund	N/A	25,000	yes
Commercial Paper	"A1/P1 or higher"	50,304	yes
Federal Agencies (2)	N/A	117,183	yes
Medium Term Notes	"A or higher"	211,375	yes
Money Market Funds	"AAAm"	40,464	yes
Mortgage-Backed Securities	"AAA"	28,320	yes
Municipals	"A or higher"	2,098	yes
Negotiable Certificates of Deposit	"A-1 or higher"	85,027	yes
Repurchase Agreements	"AAA"	-	n/a
Supranationals	"AA or higher"	6,769	yes
United States Treasuries (2,3)	N/A	280,005	yes
Total Portfolio		\$ 1,154,040	

- (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)
August 31, 2023

(\$ in Thousands)

<u>Securities</u>	<u>Market Value</u>	<u>Percent of Portfolio Market Value</u>	<u>Holding Limits</u>
Federal Agencies	\$ 117,183	10.15%	100%
Mortgage-Backed Securities	28,320	2.45%	100%
United States Treasuries	280,005	24.26%	100%
Bankers' Acceptances	-	-	40%
California Asset Management Program	251,622	21.80%	40%
Commercial Paper	50,304	4.36%	40%
Bank Deposits	-	-	30%
Medium Term Notes	211,375	18.32%	30%
Municipals	2,098	0.18%	30%
Negotiable Certificates of Deposit	85,027	7.37%	30%
Supranationals	6,769	0.59%	30%
Asset-Backed Securities	55,873	4.84%	20%
Money Market Funds	40,464	3.51%	20%
Repurchase Agreements	(1) -	-	20%
California Local Agency Investment Fund	(2) 25,000	2.17%	N/A
Total Portfolio	<u>\$ 1,154,040</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)
August 31, 2023

(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		1.778	4.126	-	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		0.282	0.425	-	0.74	yes
Federal Agencies	(1,2)	0.324	1.781	0.181	5.00	yes
Medium Term Notes		0.899	3.074	-	5.00	yes
Money Market Funds		0.003	0.003	0.003	N/A	yes
Mortgage-Backed Securities		-	2.784	-	5.00	yes
Municipals	(2)	-	2.575	-	5.00	yes
Negotiable Certificates of Deposit		0.407	0.526	-	5.00	yes
Repurchase Agreements		-	-	-	0.74	n/a
Supranationals		-	1.375	-	5.00	yes
United States Treasuries	(1,2)	0.236	2.148	3.710	5.00	yes
Weighted Average Maturity		0.301	2.326	0.244		

(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 investment 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.