



● **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 – July 2022
Attachment 2:	Summary of Portfolio Duration Report – July 2022
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Attachment 4:	Summary Report of Investment & Cash Activity – July 2022
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THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: August 15, 2022
To: Finance and Insurance Committee
From: Katano Kasaine, Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report July 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
July 31, 2022

	Market Value	Monthly Return			Fiscal YTD Return			Annualized Total Return *Inception-to-Date	
		<u>(\$ in Thousands)</u>	<u>Interest</u> <u>Return</u>	<u>Total</u> <u>Return (1)</u>	<u>Benchmark</u>	<u>Interest</u> <u>Return</u>	<u>Total</u> <u>Return (1)</u>	<u>Benchmark</u>	<u>MWD</u>
Liquidity	(2) \$ 1,104,831	0.09%	0.14%	0.05%	0.09%	0.14%	0.05%	1.74%	1.25%
Core	(3) <u>188,688</u>	0.11%	0.70%	0.76%	0.11%	0.70%	0.76%	3.04%	2.58%
Liquidity and Core	\$ 1,293,519								
Other Funds	(4) 3,619	0.06%	0.64%		0.06%	0.64%		3.99%	
Total	<u>\$ 1,297,138</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
July 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)	\$ 1,104,831	0.00	0.34	0.74	0.24
Core	(2)	<u>188,688</u>	1.10	2.12	4.10	2.60
Liquidity and Core		\$ 1,293,519				
Other Funds	(3)	3,619		2.17		
Total		<u><u>\$ 1,297,138</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)
July 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	\$ 266,526	\$ 259,574	20.01%	20.01%
California Asset Management Program	238,668	238,668	18.40%	38.41%
Medium Term Notes	191,891	188,554	14.54%	52.95%
Negotiable Certificates of Deposit	184,966	183,915	14.18%	67.13%
Commercial Paper	111,739	111,456	8.59%	75.72%
Asset-Backed Securities	111,412	110,409	8.51%	84.23%
California Local Agency Investment Fund	75,000	75,000	5.78%	90.01%
Supranationals	64,643	63,756	4.92%	94.93%
Federal Agencies	50,888	50,233	3.87%	98.80%
Mortgage-Backed Securities	13,655	13,126	1.01%	99.81%
Municipals	2,310	2,138	0.17%	99.98%
Money Market Funds	309	309	0.02%	100.00%
Bank Deposits	-	-	-	
Bankers' Acceptances	-	-	-	
Repurchase Agreements	-	-	-	
Total Portfolio	\$ 1,312,007	\$ 1,297,138	100.00%	

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

(Shown at Book Value and \$ in Thousands)

<u>Securities</u>	Beginning Balance	Purchases & Amortization	Sales	Maturities	Ending Balance
Asset-Backed Securities	\$ 94,220	\$ 24,501	\$ 7,309	\$ -	\$ 111,412
Bankers' Acceptances	-	-	-	-	-
California Asset Management Program	324,888	176,192	262,412	-	238,668
California Local Agency Investment Fund	75,000	-	-	-	75,000
Commercial Paper	212,617	15,122	-	116,000	111,739
Federal Agencies	50,892	-	4	-	50,888
Medium Term Notes	212,654	2,481	10,008	13,236	191,891
Money Market Funds	1,732	2,864	4,287	-	309
Mortgage-Backed Securities	15,356	-	1,701	-	13,655
Municipals	3,250	2	942	-	2,310
Negotiable Certificates of Deposit	227,311	10,025	-	52,370	184,966
Repurchase Agreements	-	-	-	-	-
Supranationals	74,682	-	39	10,000	64,643
Time Deposits	-	-	-	-	-
United States Treasuries	266,591	-	65	-	266,526
Subtotals	\$ 1,559,193	\$ 231,187	\$ 286,767	\$ 191,606	\$ 1,312,007
	Beginning Balance	Deposits		Withdrawals	Ending Balance
<u>Cash</u>					
Demand Accounts	\$ 377			378	(1)
Petty Cash & Payroll	5				5
Overnight Investment	-				-
Subtotals	\$ 382	\$ -	\$ -	\$ 378	\$ 4
Total	\$ 1,559,575	\$ 231,187	\$ 286,767	\$ 191,984	\$ 1,312,011

Attachment 5
Credit Quality Compliance Report
(sorted alphabetically by Security)
July 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"	\$ 110,409	yes
Bank Deposits		Collateralized/FDIC Insured	-	n/a
Bankers' Acceptances		"A-1 or higher"	-	n/a
California Asset Management Program	(1)	"AAAm or higher"	238,668	yes
California Local Agency Investment Fund		N/A	75,000	yes
Commercial Paper		"A1/P1 or higher"	111,456	yes
Federal Agencies	(2)	N/A	50,233	yes
Medium Term Notes		"A or higher"	188,554	yes
Money Market Funds		"AAA"	309	yes
Mortgage-Backed Securities		"AAA"	13,126	yes
Municipals		"A or higher"	2,138	yes
Negotiable Certificates of Deposit		"A-1 or higher"	183,915	yes
Repurchase Agreements		"AAA"	-	n/a
Supranationals		"AA or higher"	63,756	yes
United States Treasuries	(2,3)	N/A	259,574	yes
Total Portfolio			<u>\$ 1,297,138</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)
July 31, 2022

(\$ in Thousands)

<u>Securities</u>	<u>Market Value</u>	<u>Percent of Portfolio Market Value</u>	<u>Holding Limits</u>
Federal Agencies	\$ 50,233	3.87%	100%
Mortgage-Backed Securities	13,126	1.01%	100%
United States Treasuries	259,574	20.01%	100%
Bankers' Acceptances	-	-	40%
California Asset Management Program	238,668	18.41%	40%
Commercial Paper	111,456	8.59%	40%
Bank Deposits	-	-	30%
Medium Term Notes	188,554	14.54%	30%
Municipals	2,138	0.16%	30%
Negotiable Certificates of Deposit	183,915	14.18%	30%
Supranationals	63,756	4.92%	30%
Asset-Backed Securities	110,409	8.51%	20%
Money Market Funds	309	0.02%	20%
Repurchase Agreements	(1) -	-	20%
California Local Agency Investment Fund	(2) 75,000	5.78%	N/A
Total Portfolio	<u>\$ 1,297,138</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)
July 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		2.332	3.449	-	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		0.140	-	-	0.74	yes
Federal Agencies	(1,2)	0.715	-	0.871	5.00	yes
Medium Term Notes		0.649	3.055	-	5.00	yes
Money Market Funds		0.003	0.003	0.003	N/A	yes
Mortgage-Backed Securities		-	1.416	-	5.00	yes
Municipals	(2)	-	3.660	-	5.00	yes
Negotiable Certificates of Deposit		0.369	-	-	5.00	yes
Repurchase Agreements		-	-	-	0.74	n/a
Supranationals		0.551	1.800	-	5.00	yes
United States Treasuries	(1,2)	0.584	2.118	3.164	5.00	yes
Weighted Average Maturity		0.515	2.353	2.282		

(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.