



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

Date: November 14, 2023
To: Finance, Audit, Insurance, and Real Property Committee
From: Katano Kasaine, Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report October 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
October 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)	\$ 388,411	0.40%	0.46%	0.45%	1.41%	1.81%	1.77%	1.88%	1.43%
Core	(3)	<u>580,555</u>	0.24%	0.17%	0.15%	0.88%	0.77%	0.61%	2.89%	2.41%
Liquidity and Core		\$ 968,966								
Endowment	(4,5)	40,264	0.42%	0.41%		1.65%	1.16%		3.50%	
Total		<u><u>\$ 1,009,230</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 7/01/2023.

(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 7/01/2023.

(5) The total return for the Endowment portfolio reflects the consolidation of multiple funds into a new Endowment Portfolio. It includes (a) interest income and (b) the unrealized losses from the difference between the transferred book value of existing securities and their ending market value.

Attachment 2
The Metropolitan Water District of Southern California (MWD)
Summary of Portfolio Duration Report
October 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)	\$ 388,411	0.00	0.17	0.72	0.22
Core	(2)	<u>580,555</u>	0.64	1.92	3.64	2.14
Liquidity and Core		\$ 968,966				
Endowment	(3)	40,264		0.20		
Total		<u><u>\$ 1,009,230</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.

(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.

(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.

Attachment 3
Summary of Portfolio Holding Report
(sorted in descending order by Market Value)
October 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	\$ 266,156	\$ 257,939	25.56%	25.56%
Medium Term Notes	209,870	203,142	20.13%	45.69%
California Asset Management Program	188,205	188,205	18.65%	64.34%
Federal Agencies	92,181	91,145	9.03%	73.37%
Negotiable Certificates of Deposit	67,715	67,593	6.70%	80.07%
Asset-Backed Securities	56,686	55,999	5.55%	85.62%
Commercial Paper	39,747	39,727	3.93%	89.55%
Money Market Funds	38,616	38,616	3.82%	93.37%
Mortgage-Backed Securities	33,834	32,972	3.27%	96.64%
California Local Agency Investment Fund	25,000	25,000	2.48%	99.12%
Supranationals	7,207	6,791	0.67%	99.79%
Municipals	2,310	2,101	0.21%	100.00%
Bank Deposits	-	-	-	
Bankers' Acceptances	-	-	-	
Repurchase Agreements	-	-	-	
Total Portfolio	<u>\$ 1,027,527</u>	<u>\$ 1,009,230</u>	<u>100.00%</u>	

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

(Shown at Book Value and \$ in Thousands)

<u>Securities</u>	Beginning Balance	Purchases & Amortization	Sales	Maturities	Ending Balance
Asset-Backed Securities	\$ 60,642	\$ -	\$ 3,956	\$ -	\$ 56,686
Bankers' Acceptances	-	-	-	-	-
California Asset Management Program	299,931	92,256	203,982	-	188,205
California Local Agency Investment Fund	25,000	-	-	-	25,000
Commercial Paper	42,551	196	-	3,000	39,747
Federal Agencies	88,141	4,040	-	-	92,181
Medium Term Notes	211,375	4,611	6,116	-	209,870
Money Market Funds	37,772	17,037	16,193	-	38,616
Mortgage-Backed Securities	28,995	4,843	4	-	33,834
Municipals	2,310	-	-	-	2,310
Negotiable Certificates of Deposit	77,712	3	-	10,000	67,715
Repurchase Agreements	-	-	-	-	-
Supranationals	7,212	-	5	-	7,207
Time Deposits	-	-	-	-	-
United States Treasuries	283,486	240	-	17,570	266,156
Subtotals	\$ 1,165,127	\$ 123,226	\$ 230,256	\$ 30,570	\$ 1,027,527
	Beginning Balance	Deposits		Withdrawals	Ending Balance
<u>Cash</u>					
Demand Accounts	\$ 1	\$ -		\$ -	\$ 1
Petty Cash & Payroll	5				5
Overnight Investment	-				-
Subtotals	\$ 6	\$ -		\$ -	\$ 6
Total	\$ 1,165,133	\$ 123,226	\$ 230,256	\$ 30,570	\$ 1,027,533

Attachment 5
Credit Quality Compliance Report
(sorted alphabetically by Security)
October 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"	\$ 55,999	yes	
Bank Deposits	Collateralized/FDIC Insured	-	n/a	
Bankers' Acceptances	"A-1 or higher"	-	n/a	
California Asset Management Program	(1)	"AAAm or higher"	188,205	yes
California Local Agency Investment Fund	N/A	25,000	yes	
Commercial Paper	"A1/P1 or higher"	39,727	yes	
Federal Agencies	(2)	N/A	91,145	yes
Medium Term Notes	"A or higher"	203,142	yes	
Money Market Funds	"AAAm"	38,616	yes	
Mortgage-Backed Securities	"AAA"	32,972	yes	
Municipals	"A or higher"	2,101	yes	
Negotiable Certificates of Deposit	"A-1 or higher"	67,593	yes	
Repurchase Agreements	"AAA"	-	n/a	
Supranationals	"AA or higher"	6,791	yes	
United States Treasuries	(2,3)	N/A	257,939	yes
Total Portfolio		\$ 1,009,230		

- (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, 2023

(\$ in Thousands)

<u>Securities</u>	<u>Market Value</u>	<u>Percent of Portfolio Market Value</u>	<u>Holding Limits</u>
Federal Agencies	\$ 91,145	9.03%	100%
Mortgage-Backed Securities	32,972	3.27%	100%
United States Treasuries	257,939	25.56%	100%
Bankers' Acceptances	-	-	40%
California Asset Management Program	188,205	18.65%	40%
Commercial Paper	39,727	3.93%	40%
Bank Deposits	-	-	30%
Medium Term Notes	203,142	20.13%	30%
Municipals	2,101	0.21%	30%
Negotiable Certificates of Deposit	67,593	6.70%	30%
Supranationals	6,791	0.67%	30%
Asset-Backed Securities	55,999	5.55%	20%
Money Market Funds	38,616	3.82%	20%
Repurchase Agreements	(1) -	-	20%
California Local Agency Investment Fund	(2) 25,000	2.48%	N/A
Total Portfolio	<u>\$ 1,009,230</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, 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		1.655	4.156	-	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		0.405	0.318	-	0.74	yes
Federal Agencies	(1,2)	0.441	1.836	0.014	5.00	yes
Medium Term Notes		0.693	2.945	-	5.00	yes
Money Market Funds		0.003	0.003	0.003	N/A	yes
Mortgage-Backed Securities		-	2.915	-	5.00	yes
Municipals	(2)	-	2.408	-	5.00	yes
Negotiable Certificates of Deposit		0.193	0.926	-	5.00	yes
Repurchase Agreements		-	-	-	0.74	n/a
Supranationals		-	1.208	-	5.00	yes
United States Treasuries	(1,2)	0.167	2.077	3.542	5.00	yes
Weighted Average Maturity		0.244	2.329	0.227		

- (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.