



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

Date: March 13, 2023
To: Finance, Audit, Insurance, and Real Property Committee
From: Katano Kasaine, Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report February 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 14, 2022. Metropolitan has sufficient liquidity to pay for the next six months of expenditures.

A handwritten signature in cursive script that reads "Katano Kasaine".

Katano Kasaine

KK: mt

Attachments

Attachment 1
The Metropolitan Water District of Southern California (MWD)
Summary of Portfolio Performance Report
February 28, 2023

	Market Value	Monthly Return			Fiscal YTD Return			Annualized Total Return *Inception-to-Date	
		<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>	<u>Benchmark</u>
Liquidity	(2) \$ 942,304	0.25%	0.24%	0.33%	1.43%	1.76%	1.96%	1.77%	1.31%
Core	(3) 348,358	0.17%	(0.73%)	(1.18%)	1.05%	(0.73%)	(1.28%)	2.88%	2.40%
Liquidity and Core	\$ 1,290,662								
Other Funds	(4) 3,519	0.09%	(0.75%)		0.65%	(0.82%)		3.81%	
Total	<u>\$ 1,294,181</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
February 28, 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)	\$ 942,304	0.00	0.38	0.72	0.22
Core	(2)	<u>348,358</u>	1.06	1.91	4.06	2.56
Liquidity and Core		\$ 1,290,662				
Other Funds	(3)	3,519		1.90		
Total		<u><u>\$ 1,294,181</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.

Attachment 3
Summary of Portfolio Holding Report
(sorted in descending order by Market Value)
February 28, 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>
California Asset Management Program	\$ 278,981	\$ 278,981	21.56%	21.56%
United States Treasuries	254,118	244,870	18.92%	40.48%
Medium Term Notes	221,303	216,353	16.72%	57.20%
Negotiable Certificates of Deposit	189,188	188,800	14.59%	71.79%
Federal Agencies	128,979	127,747	9.87%	81.66%
Asset-Backed Securities	71,956	70,991	5.48%	87.14%
Commercial Paper	67,613	67,574	5.22%	92.36%
Money Market Funds	34,107	34,107	2.64%	95.00%
Supranationals	32,054	31,418	2.43%	97.43%
California Local Agency Investment Fund	25,000	25,000	1.93%	99.36%
Mortgage-Backed Securities	6,971	6,260	0.48%	99.84%
Municipals	2,310	2,080	0.16%	100.00%
Bank Deposits	-	-	-	
Bankers' Acceptances	-	-	-	
Repurchase Agreements	-	-	-	
Total Portfolio	\$ 1,312,580	\$ 1,294,181	100.00%	

Attachment 4
Summary Report of Investment & Cash Activity
(sorted alphabetically by security)
February 28, 2023

(Shown at Book Value and \$ in Thousands)

<u>Securities</u>	Beginning Balance	Purchases & Amortization	Sales	Maturities	Ending Balance
Asset-Backed Securities	\$ 79,014	\$ 1,530	\$ 8,588	\$ -	\$ 71,956
Bankers' Acceptances	-	-	-	-	-
California Asset Management Program	251,534	168,871	141,424	-	278,981
California Local Agency Investment Fund	25,392	-	392	-	25,000
Commercial Paper	71,959	10,654	-	15,000	67,613
Federal Agencies	132,501	4,778	-	8,300	128,979
Medium Term Notes	243,110	8,118	-	29,925	221,303
Money Market Funds	925	108,821	75,639	-	34,107
Mortgage-Backed Securities	7,008	-	37	-	6,971
Municipals	2,310	-	-	-	2,310
Negotiable Certificates of Deposit	179,100	30,088	-	20,000	189,188
Repurchase Agreements	-	-	-	-	-
Supranationals	32,051	3	-	-	32,054
Time Deposits	-	-	-	-	-
United States Treasuries	217,722	75,396	-	39,000	254,118
Subtotals	\$ 1,242,626	\$ 408,259	\$ 226,080	\$ 112,225	\$ 1,312,580
	Beginning Balance	Deposits		Withdrawals	Ending Balance
<u>Cash</u>					
Demand Accounts	\$ 34	\$ -		\$ 33	\$ 1
Petty Cash & Payroll	5				5
Overnight Investment	-				-
Subtotals	\$ 39	\$ -		\$ 33	\$ 6
Total	\$ 1,242,665	\$ 408,259	\$ 226,080	\$ 112,258	\$ 1,312,586

Attachment 5
Credit Quality Compliance Report
(sorted alphabetically by Security)
February 28, 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"	\$ 70,991	yes
Bank Deposits		Collateralized/FDIC Insured	-	n/a
Bankers' Acceptances		"A-1 or higher"	-	n/a
California Asset Management Program	(1)	"AAAm or higher"	278,981	yes
California Local Agency Investment Fund		N/A	25,000	yes
Commercial Paper		"A1/P1 or higher"	67,574	yes
Federal Agencies	(2)	N/A	127,747	yes
Medium Term Notes		"A or higher"	216,353	yes
Money Market Funds		"AAAm"	34,107	yes
Mortgage-Backed Securities		"AAA"	6,260	yes
Municipals		"A or higher"	2,080	yes
Negotiable Certificates of Deposit	(3)	"A-1 or higher"	188,800	yes
Repurchase Agreements		"AAA"	-	n/a
Supranationals		"AA or higher"	31,418	yes
United States Treasuries	(2,4)	N/A	244,870	yes
Total Portfolio			\$ 1,294,181	

- (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 February 2023, Credit Suisse New York Security's market value was \$5.0 million or 0.39% 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)
February 28, 2023

(\$ in Thousands)

<u>Securities</u>	<u>Market Value</u>	<u>Percent of Portfolio Market Value</u>	<u>Holding Limits</u>
Federal Agencies	\$ 127,747	9.87%	100%
Mortgage-Backed Securities	6,260	0.48%	100%
United States Treasuries	244,870	18.92%	100%
Bankers' Acceptances	-	-	40%
California Asset Management Program	278,981	21.56%	40%
Commercial Paper	67,574	5.22%	40%
Bank Deposits	-	-	30%
Medium Term Notes	216,353	16.72%	30%
Municipals	2,080	0.16%	30%
Negotiable Certificates of Deposit	188,800	14.59%	30%
Supranationals	31,418	2.43%	30%
Asset-Backed Securities	70,991	5.48%	20%
Money Market Funds	34,107	2.64%	20%
Repurchase Agreements	(1) -	-	20%
California Local Agency Investment Fund	(2) 25,000	1.93%	N/A
Total Portfolio	<u>\$ 1,294,181</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)
February 28, 2023

(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		2.121	3.408	-	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		0.311	0.416	-	0.74	yes
Federal Agencies	(1,2)	0.707	2.164	0.584	5.00	yes
Medium Term Notes		0.956	2.893	-	5.00	yes
Money Market Funds		0.003	0.003	0.003	N/A	yes
Mortgage-Backed Securities		-	1.767	-	5.00	yes
Municipals	(2)	-	3.079	-	5.00	yes
Negotiable Certificates of Deposit		0.472	1.030	-	5.00	yes
Repurchase Agreements		-	-	-	0.74	n/a
Supranationals		0.203	1.611	-	5.00	yes
United States Treasuries	(1,2)	0.740	2.216	2.740	5.00	yes
Weighted Average Maturity		0.512	2.230	2.052		

(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.