



## ● **Treasurer's Monthly Report**

### **Summary**

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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**

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Administrative Code Requirement Section 5114

### **Attachments**

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Attachment 1:	Summary of Portfolio Performance Report – September 2023
Attachment 2:	Summary of Portfolio Duration Report – September 2023
Attachment 3:	Summary of Portfolio Holding Report – September 2023
Attachment 4:	Summary Report of Investment & Cash Activity – September 2023
Attachment 5:	Credit Quality Compliance Report – September 2023
Attachment 6:	Holding Limit Compliance Report – September 2023
Attachment 7:	Maturity Compliance Report – September 2023



THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

**Date:** October 10, 2023  
**To:** Finance, Audit, Insurance, and Real Property Committee  
**From:** Katano Kasaine, Assistant General Manager/Chief Financial Officer  
**Subject:** Treasurer's Monthly Report September 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.

*Katano Kasaine*

Katano Kasaine

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Attachments

Attachment 1  
**The Metropolitan Water District of Southern California (MWD)**  
**Summary of Portfolio Performance Report**  
**September 30, 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)	\$ 528,309	0.38%	0.44%	0.46%	1.03%	1.35%	1.31%	1.87%	1.41%
Core	(3)	<u>579,351</u>	0.23%	(0.12%)	(0.20%)	0.64%	0.60%	0.46%	2.89%	2.41%
Liquidity and Core		\$ 1,107,660								
Endowment	(4,5)	39,944	0.41%	0.36%		1.22%	0.74%		3.01%	
Total		<u><u>\$ 1,147,604</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**  
**September 30, 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)	\$ 528,309	0.00	0.15	0.73	0.23
Core	(2)	<u>579,351</u>	0.65	1.94	3.65	2.15
Liquidity and Core		\$ 1,107,660				
Endowment	(3)	39,944		0.21		
Total		<u><u>\$ 1,147,604</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 )  
**September 30, 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	\$ 299,931	\$ 299,931	26.14%	26.14%
United States Treasuries	283,486	275,380	24.00%	50.14%
Medium Term Notes	211,375	205,238	17.88%	68.02%
Federal Agencies	88,141	87,127	7.59%	75.61%
Negotiable Certificates of Deposit	77,712	77,562	6.76%	82.37%
Asset-Backed Securities	60,642	60,015	5.23%	87.60%
Commercial Paper	42,551	42,512	3.70%	91.30%
Money Market Funds	37,772	37,772	3.29%	94.59%
Mortgage-Backed Securities	28,995	28,207	2.46%	97.05%
California Local Agency Investment Fund	25,000	25,000	2.18%	99.23%
Supranationals	7,212	6,770	0.59%	99.82%
Municipals	2,310	2,090	0.18%	100.00%
Bank Deposits	-	-	-	
Bankers' Acceptances	-	-	-	
Repurchase Agreements	-	-	-	
<b>Total Portfolio</b>	<b>\$ 1,165,127</b>	<b>\$ 1,147,604</b>	<b>100.00%</b>	

Attachment 4  
**Summary Report of Investment & Cash Activity**  
(sorted alphabetically by security)  
**September 30, 2023**

(Shown at Book Value and \$ in Thousands)

<u>Securities</u>	<b>Beginning Balance</b>	<b>Purchases &amp; Amortization</b>	<b>Sales</b>	<b>Maturities</b>	<b>Ending Balance</b>
Asset-Backed Securities	\$ 56,415	\$ 8,854	\$ 4,627	\$ -	\$ 60,642
Bankers' Acceptances	-	-	-	-	-
California Asset Management Program	251,622	129,403	81,094	-	299,931
California Local Agency Investment Fund	25,000	-	-	-	25,000
Commercial Paper	50,350	201	-	8,000	42,551
Federal Agencies	118,048	61	19,968	10,000	88,141
Medium Term Notes	216,170	86	4,881	-	211,375
Money Market Funds	40,464	17,100	19,792	-	37,772
Mortgage-Backed Securities	28,999	-	4	-	28,995
Municipals	2,310	-	-	-	2,310
Negotiable Certificates of Deposit	85,208	2,504	10,000	-	77,712
Repurchase Agreements	-	-	-	-	-
Supranationals	7,217	-	5	-	7,212
Time Deposits	-	-	-	-	-
United States Treasuries	287,257	229	-	4,000	283,486
<b>Subtotals</b>	<b>\$ 1,169,060</b>	<b>\$ 158,438</b>	<b>\$ 140,371</b>	<b>\$ 22,000</b>	<b>\$ 1,165,127</b>
	Beginning Balance	Deposits		Withdrawals	Ending Balance
<b>Cash</b>					
Demand Accounts	\$ -	\$ 1		\$ -	\$ 1
Petty Cash & Payroll	5				5
Overnight Investment	-				-
<b>Subtotals</b>	<b>\$ 5</b>	<b>\$ 1</b>		<b>\$ -</b>	<b>\$ 6</b>
<b>Total</b>	<b>\$ 1,169,065</b>	<b>\$ 158,439</b>	<b>\$ 140,371</b>	<b>\$ 22,000</b>	<b>\$ 1,165,133</b>

Attachment 5  
**Credit Quality Compliance Report**  
**(sorted alphabetically by Security)**  
**September 30, 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"	\$ 60,015	yes
Bank Deposits	Collateralized/FDIC Insured	-	n/a
Bankers' Acceptances	"A-1 or higher"	-	n/a
California Asset Management Program (1)	"AAAm or higher"	299,931	yes
California Local Agency Investment Fund	N/A	25,000	yes
Commercial Paper	"A1/P1 or higher"	42,512	yes
Federal Agencies (2)	N/A	87,127	yes
Medium Term Notes	"A or higher"	205,238	yes
Money Market Funds	"AAAm"	37,772	yes
Mortgage-Backed Securities	"AAA"	28,207	yes
Municipals	"A or higher"	2,090	yes
Negotiable Certificates of Deposit	"A-1 or higher"	77,562	yes
Repurchase Agreements	"AAA"	-	n/a
Supranationals	"AA or higher"	6,770	yes
United States Treasuries (2,3)	N/A	275,380	yes
Total Portfolio		\$ 1,147,604	

- (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)  
September 30, 2023

(\$ in Thousands)

<u>Securities</u>	<u>Market Value</u>	<u>Percent of Portfolio Market Value</u>	<u>Holding Limits</u>
Federal Agencies	\$ 87,127	7.59%	100%
Mortgage-Backed Securities	28,207	2.46%	100%
United States Treasuries	275,380	24.00%	100%
Bankers' Acceptances	-	-	40%
California Asset Management Program	299,931	26.14%	40%
Commercial Paper	42,512	3.70%	40%
Bank Deposits	-	-	30%
Medium Term Notes	205,238	17.88%	30%
Municipals	2,090	0.18%	30%
Negotiable Certificates of Deposit	77,562	6.76%	30%
Supranationals	6,770	0.59%	30%
Asset-Backed Securities	60,015	5.23%	20%
Money Market Funds	37,772	3.29%	20%
Repurchase Agreements	(1) -	-	20%
California Local Agency Investment Fund	(2) 25,000	2.18%	N/A
Total Portfolio	<u>\$ 1,147,604</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)  
September 30, 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		1.721	4.230	-	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		0.490	0.373	-	0.74	yes
Federal Agencies	(1,2)	0.526	1.701	0.099	5.00	yes
Medium Term Notes		0.803	2.995	-	5.00	yes
Money Market Funds		0.003	0.003	0.003	N/A	yes
Mortgage-Backed Securities		-	2.701	-	5.00	yes
Municipals	(2)	-	2.493	-	5.00	yes
Negotiable Certificates of Deposit		0.240	1.011	-	5.00	yes
Repurchase Agreements		-	-	-	0.74	n/a
Supranationals		-	1.293	-	5.00	yes
United States Treasuries	(1,2)	0.252	2.123	3.627	5.00	yes
Weighted Average Maturity		0.233	2.334	0.238		

(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.