



Finance and Asset Management Committee

Quarterly Investment Activities Report

Item 7b

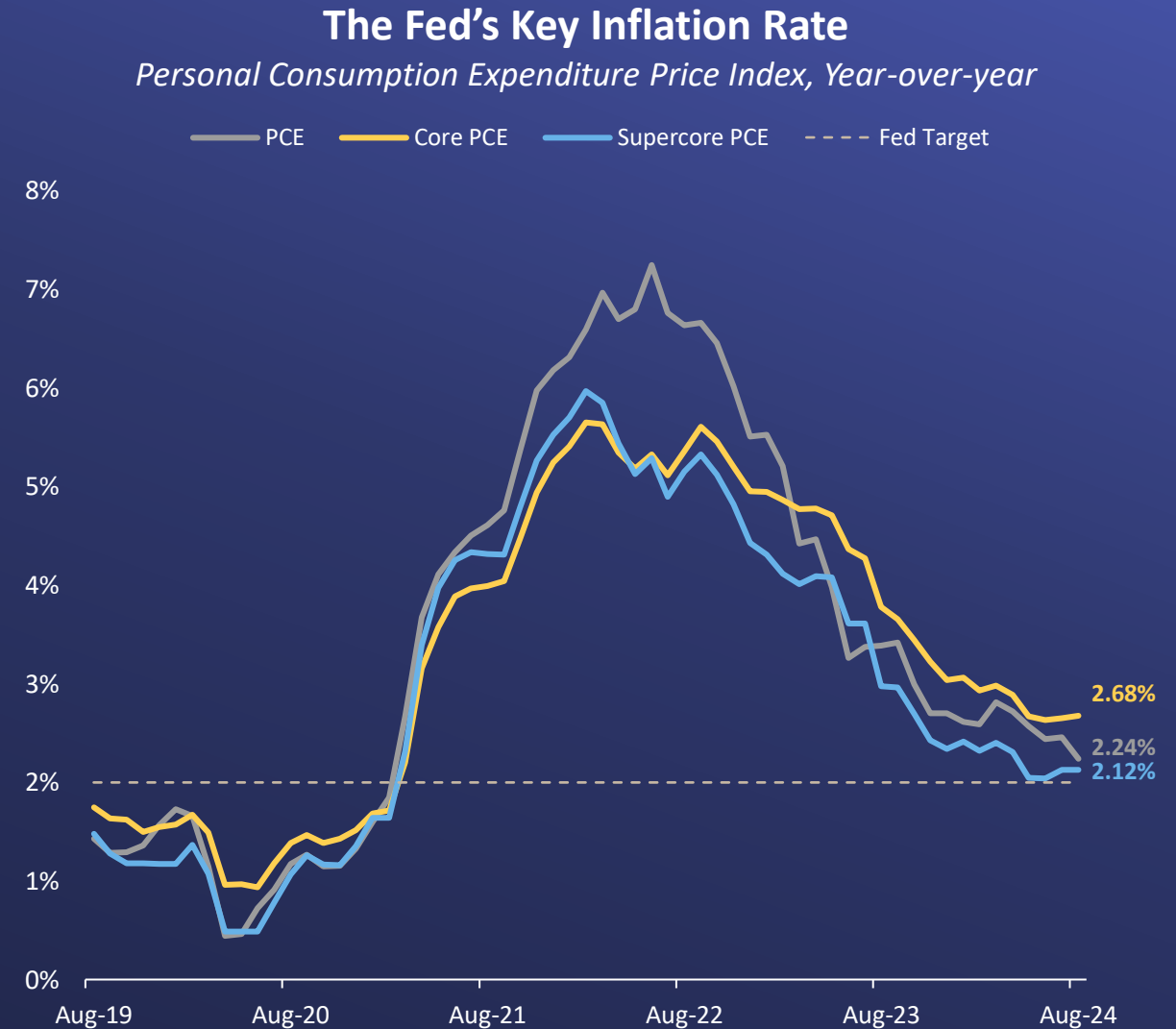
Presented By:

Christopher Harris, CFA, CAIA, Director

PFM Asset Management

Market Environment

- U.S. economy is characterized by
 - A labor market that reached better balance and supports consumer activity
 - Inflation that has made meaningful progress towards the Federal Reserve's (Fed) 2% target, although shelter costs remain a headwind
 - Resilient economic growth and consumer spending that support the 'soft landing' scenario



Market Environment, cont.

- Fed begins the easing cycle

- The Fed cut the federal funds target rate by 50 basis points (bps) to 4.75% - 5.00% at its September FOMC meeting
- Fed officials note they have gained greater confidence the risks to their dual mandate are “roughly” in balance
- The Fed’s September “dot plot” implies 50 bps of additional cuts in 2024 and 100 bps through 2025

- Treasury yields continued their descent

- Yields on maturities between 3 months and 10 years fell 62-112 bps during the 3rd quarter
- The yield curve began to disinvert in the 3rd quarter as the spread between the 2-year and 10-year Treasury reached positive territory for the first time in over 2 years
- Despite intra-quarter spread widening, yield spreads across most credit sectors were range bound at tight levels, reflecting the strength of the economy

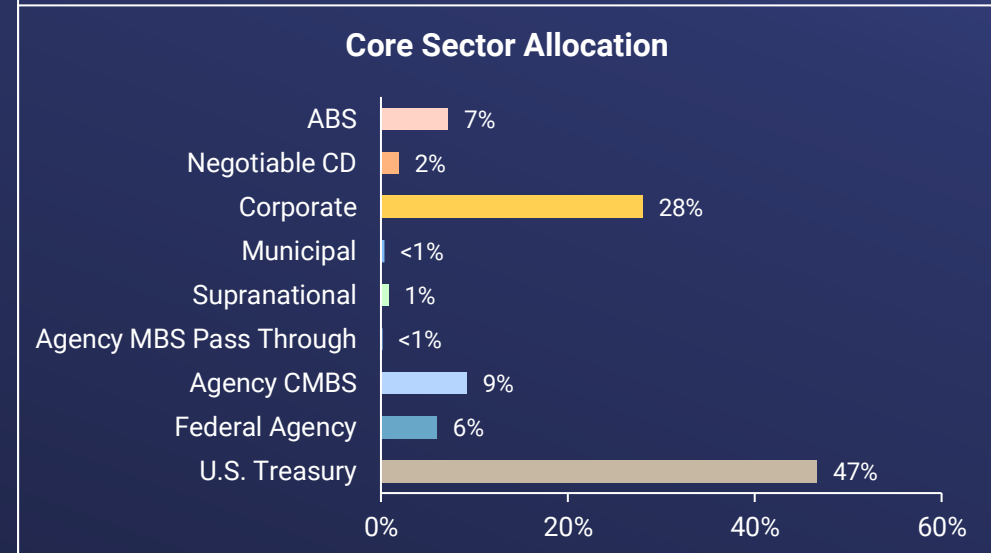
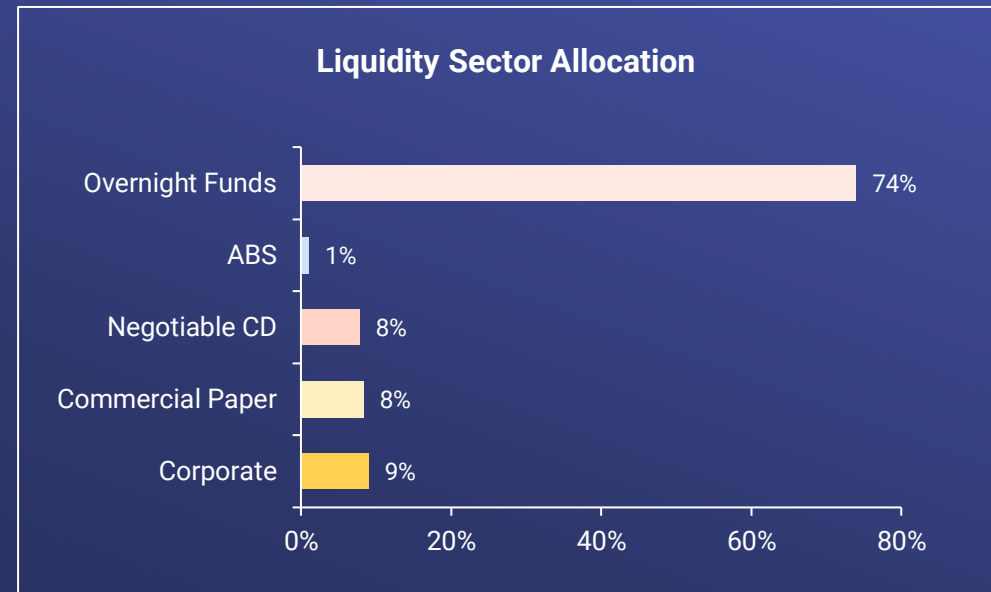
Overview of Portfolio as of September 30, 2024

Portfolio Statistics		
Portfolio	Liquidity ^{1,2}	Core
Market Value	\$355,843,531	\$617,850,436
Duration	0.14 years	2.11 years
Average Yield at Cost	5.24%	3.91%
Average Yield at Market	5.14%	4.01%

1. Includes CAMP, LAIF, and Dreyfus money market fund balances (Overnight Funds) as of 9/30/24. Excludes accrued interest.

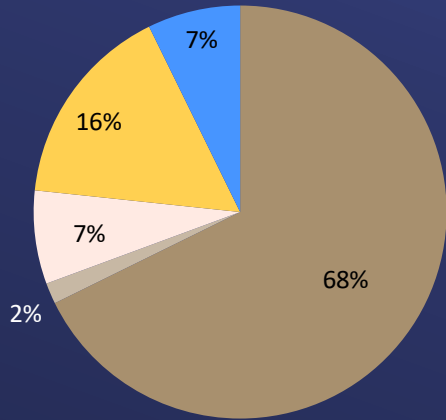
2. Yields are a weighted average of the CAMP monthly distribution yield, LAIF quarterly apportionment rate, and MWDSC's Liquidity portfolio yield for September 2024.

3. Core portfolio excludes funds invested in the Endowment and Segregated portfolios.



Overview of Portfolios as of September 30, 2024

Credit Quality^{1,2}



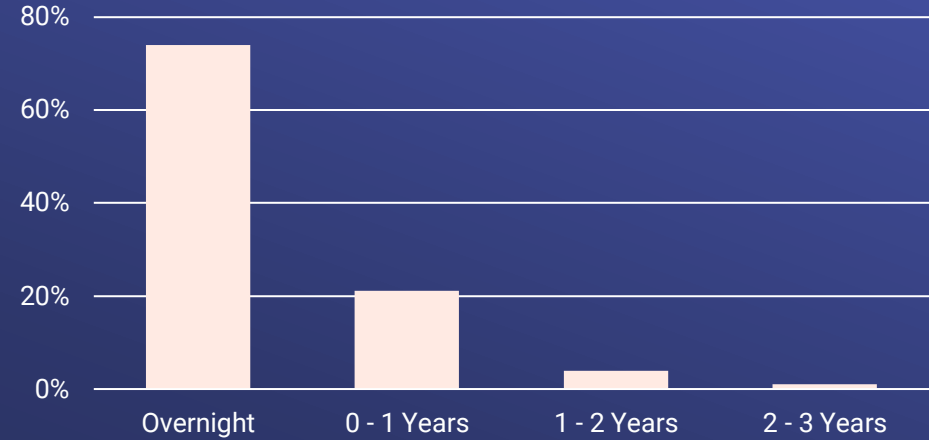
- AAA
- AA
- A
- BBB
- A-1
- NR

1. Includes CAMP, LAIF, and money market fund balances (Overnight).

2. Credit Ratings are Standard and Poor's .

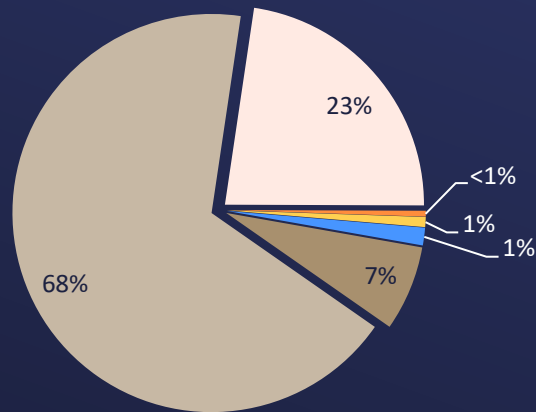
Liquidity Portfolio

Maturity Distribution¹

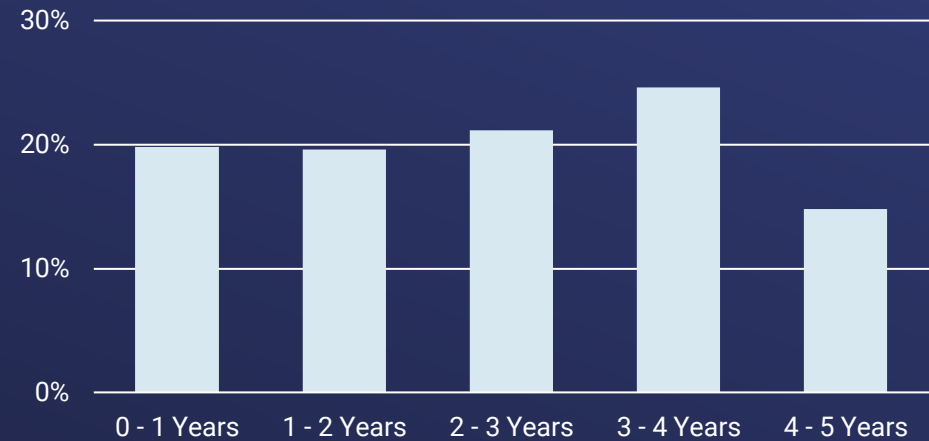


Core Portfolio

Credit Quality²



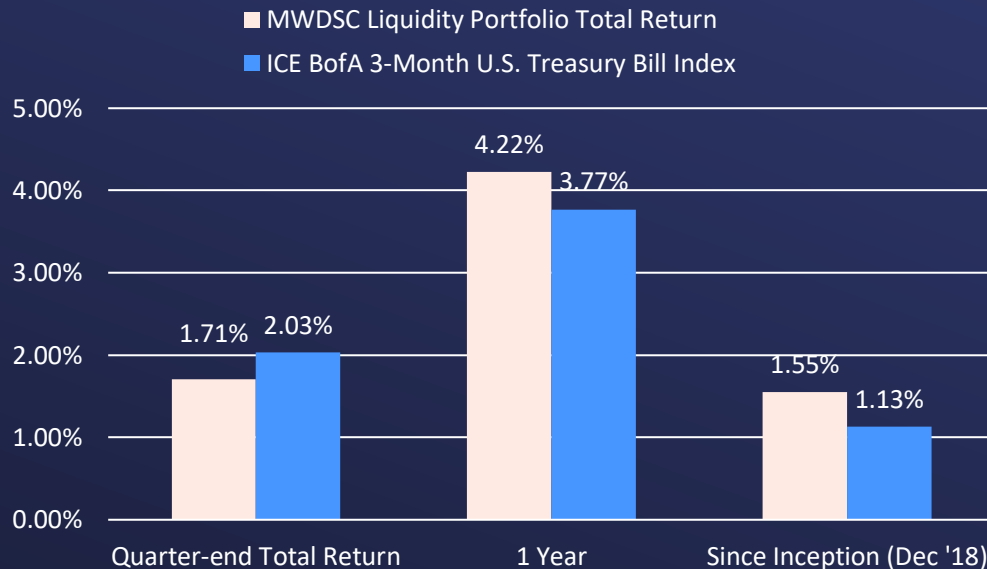
Maturity Distribution



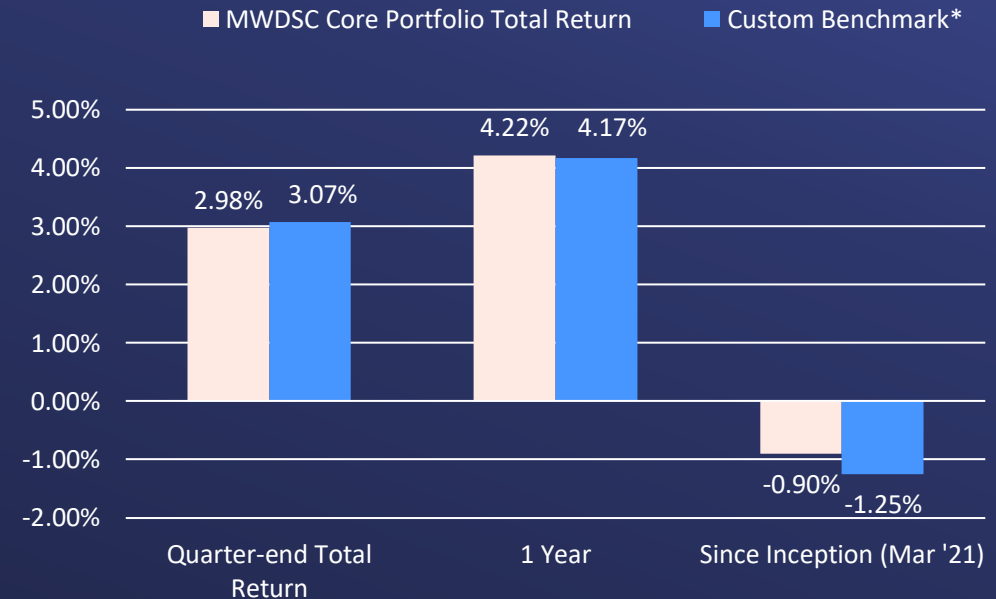
Investment Strategy and Returns

- Maintain ample liquidity through continued communication with District
- Manage duration modestly defensive relative to each portfolio's benchmark duration
- Diversify broadly to safely generate incremental earnings
- Seek opportunities to prudently enhance earnings while maintaining safety and liquidity

Liquidity Portfolio Returns as of 09/30/24^{1,3}



Core Portfolio Returns as of 09/30/24^{2,3}



1>Returns represent only the PFMAM-managed Liquidity Portfolio. Returns are gross of investment advisor fee.

2>Returns represent only the PFMAM-managed Core Portfolio. Returns are gross of investment advisor fee.

3>Returns for periods one year or less are represented on a periodic basis. Returns for periods greater than one year are represented on an annualized basis.

Earnings Projection: FY 2024-2025 & FY 2025-2026

	Liquidity Portfolio ¹	Average Liquidity Reinvestment Rate ³	Core Portfolio ¹	Average Core Reinvestment Rate ³
FY 2024-2025	\$5,136,108	4.09%	\$22,124,631	3.92%
FY 2025-2026	\$3,741,076	3.86%	\$22,296,186	3.88%

See the Assumptions and Important Disclosures page for the footnotes and additional detail regarding the analysis.

Assumptions and Important Disclosures

This material is based on information obtained from sources generally believed to be reliable and available to the public, however PFM Asset Management cannot guarantee its accuracy, completeness or suitability. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation. Past performance does not necessarily reflect and is not a guarantee of future results. The information contained in this presentation is not an offer to purchase or sell any securities.

Notes to Earnings Estimates

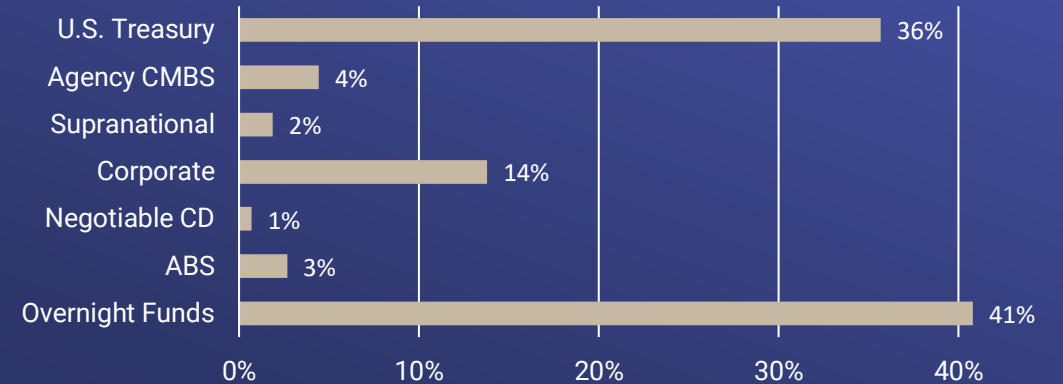
1. Estimated Earnings based on the amortized cost of the portfolio as of September 30, 2024. Source: PFMAM account statements. Estimated Earnings assume no sales, realized gains/losses, withdrawals/deposits, or changes to the initial portfolio cash flows. The Estimated Earnings assume the initial portfolio is invested at the yield to maturity at cost with all maturities reinvested at the assumed reinvestment rate as described below. Yields on investments are presented based on corresponding basis (actual/actual, actual/360, 30/360) depending on security type. Actual reinvestment rates will vary based on events outside of your or our control, including the prevailing level of interest rates in the future. Assumptions may or may not be proven correct as actual events occur. Any changes in assumptions will have an effect on our analysis. In particular, reinvestment at lower rates will result in reduced earnings, which may be materially different than those shown in the analysis.
2. The Portfolio Earnings Rate is based on the portfolio's yield to maturity at cost as of September 30, 2024 and assume no sales, realized gains/losses, or changes to the portfolio cash flows.
3. The Reinvestment Rate Assumption for the Liquidity Portfolio and the Aggregate Portfolio are based on the 6-month U.S. Treasury Forward Rate Curve as of October 24, 2024. The Reinvestment Rate Assumption for the Core portfolio is based on the 2-year U.S. Treasury Forward Rate Curve as of October 24, 2024. Yield curve source: Bloomberg Finance L.P. Investments have not been executed. Actual rates and security availability will vary at time of placement.

Endowment Portfolio Update

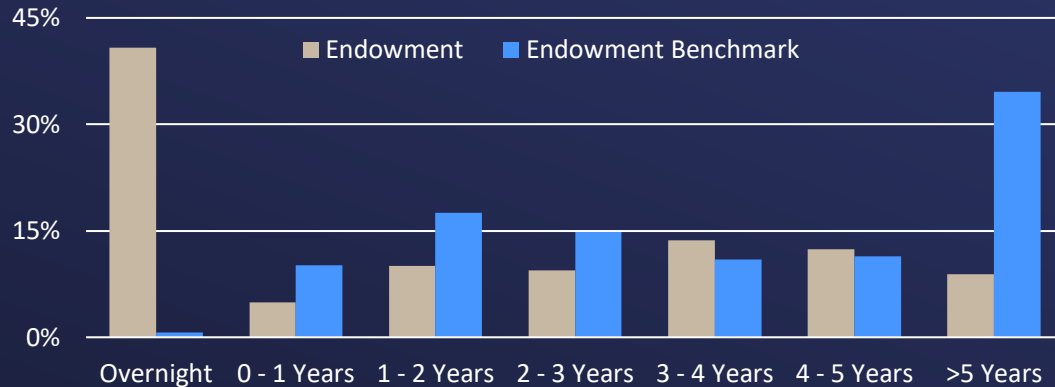
Portfolio Statistics as of September 30, 2024

Market Value	\$43,035,592
Duration	1.78 years
Yield at Cost*	4.65%

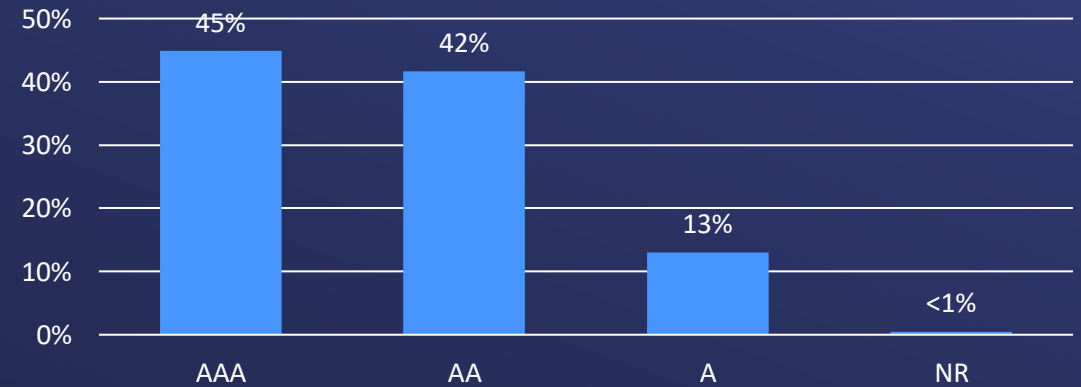
Sector Allocation



Maturity Distribution



Sector Allocation



Portfolio characteristics represented by MWDSC's Endowment portfolio and CAMP balances. CAMP balances are provided by the District as of 9/30/24. Excludes mmf balances.
 The Endowment Portfolio's benchmark consists of 40% ICE BofA 0-5 Year US Treasury Index, 35% ICE BofA 5-10 Year US Treasury Index and 25% ICE BofA 1-5 Year AAA-A Corporate Index.
 *Yield at Cost is the weighted average of the monthly distribution CAMP yield as of 9/30/2024 and MWDSC's Endowment portfolio yield as of 9/30/24
 **Ratings are Standard and Poor's, and the portfolio is in compliance with California Government Code and the District's current investment policy.

Disclosure

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Questions

