



Finance & Insurance Committee

# Quarterly Investment Activities Report

Item 6b

May 9, 2022

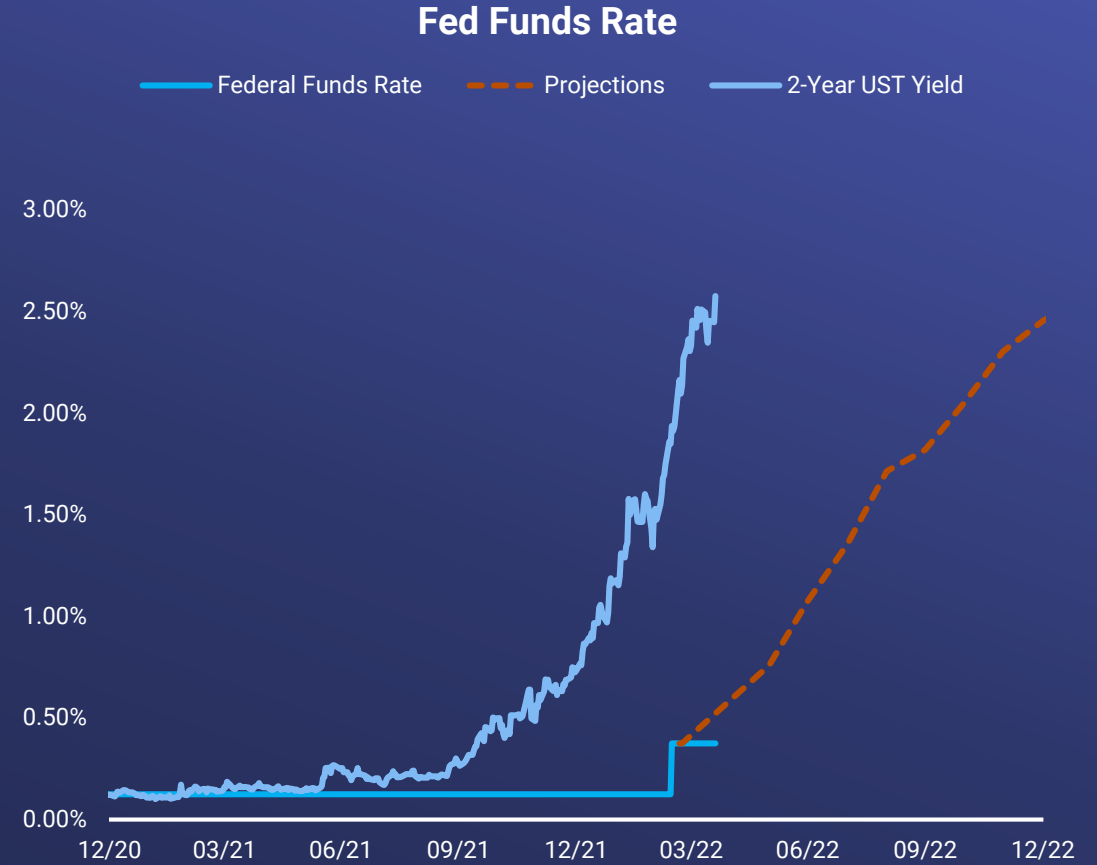
Presented By:

Kyle Jones, Managing Director

PFM Asset Management LLC

# Market Environment

- Geopolitical uncertainty caused by Russia's invasion of Ukraine impacting certain commodities
- U.S. economic pros – Continued growth and a strong labor market
- U.S. economic cons – Inflation at 40-year high and depressed consumer confidence
- Tightening monetary policy
  - Federal Reserve initiated first of many rate hikes and likely to begin reducing its balance sheet soon
- Yields have risen quickly in anticipation of additional rate hikes throughout 2022 and possibly 2023
  - Lower market values and negative total returns
  - Increases portfolio yields and future investment income potential

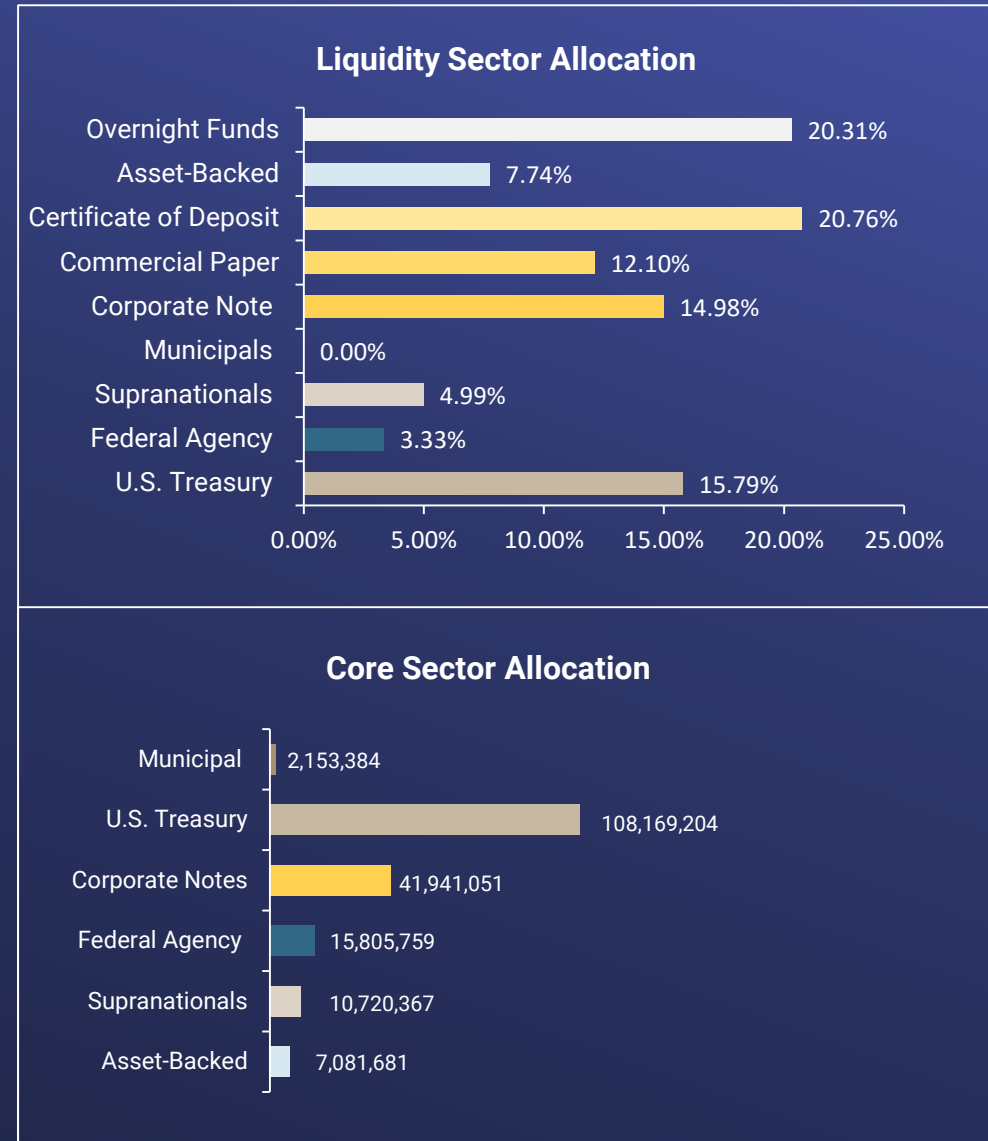


# Overview of Portfolio as of March 31, 2022

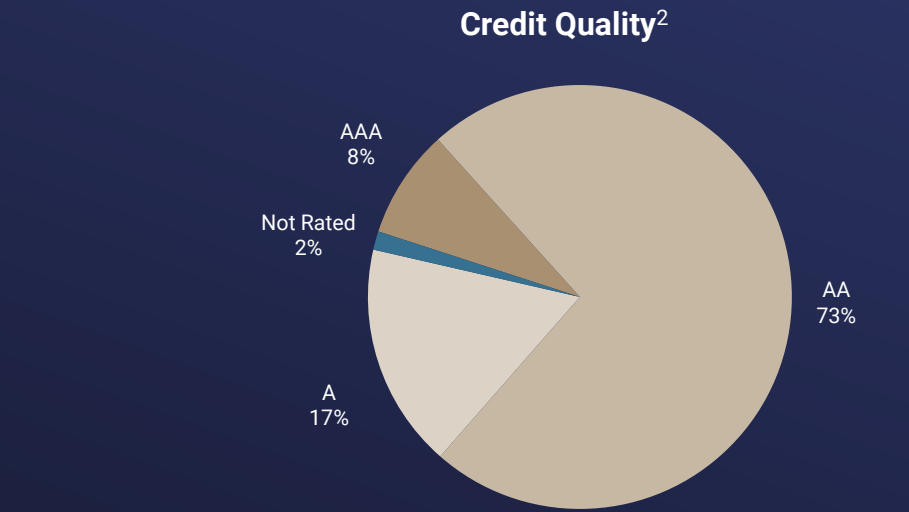
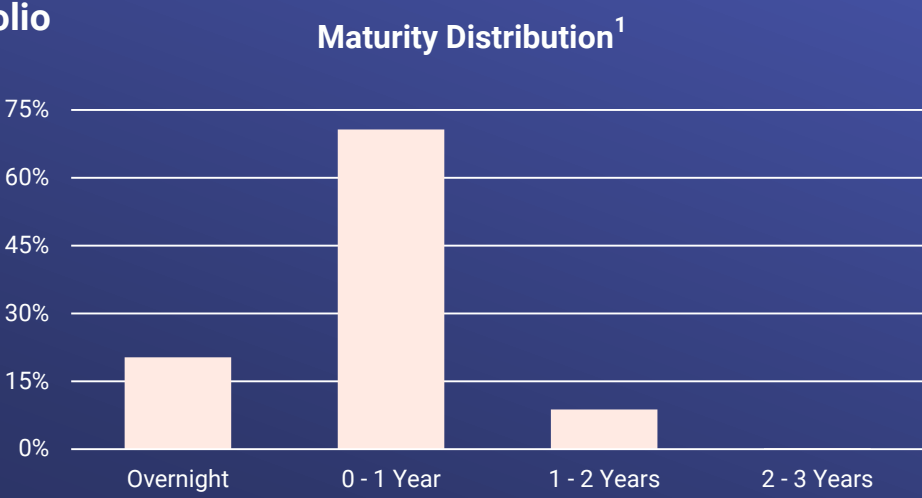
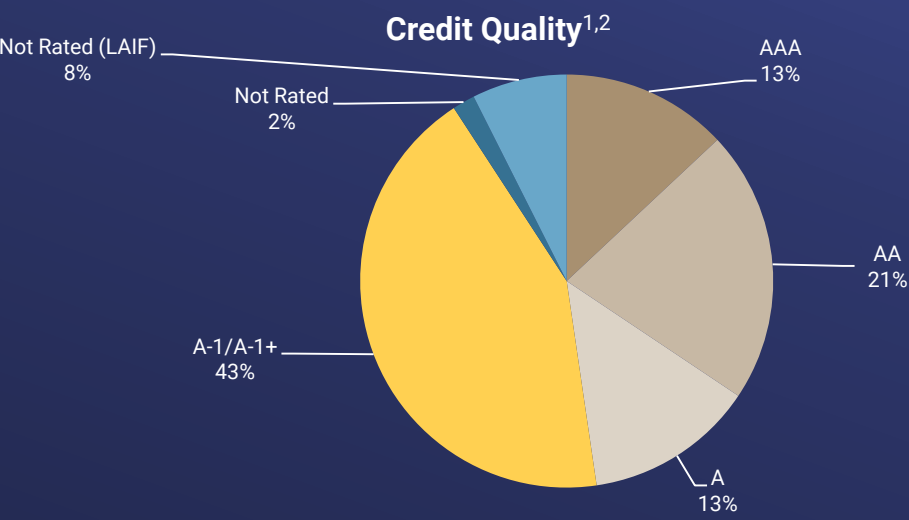
Portfolio Statistics		
Portfolio	Liquidity <sup>1,2</sup>	Core
Market Value	\$1,171,528,132	\$185,871,446
Duration	0.41 Years	2.42 Years
Average Yield at Cost	0.39%	0.89%
Average Yield at Market	1.13%	2.44%

1. Includes CAMP, LAIF, and Dreyfus money market fund balances (Overnight Funds). Excludes accrued interest.

2. Yields are a weighted average of the CAMP 7-day yield, LAIF quarterly apportionment rate, and MWDSC's Liquidity portfolio yield for March 2022.



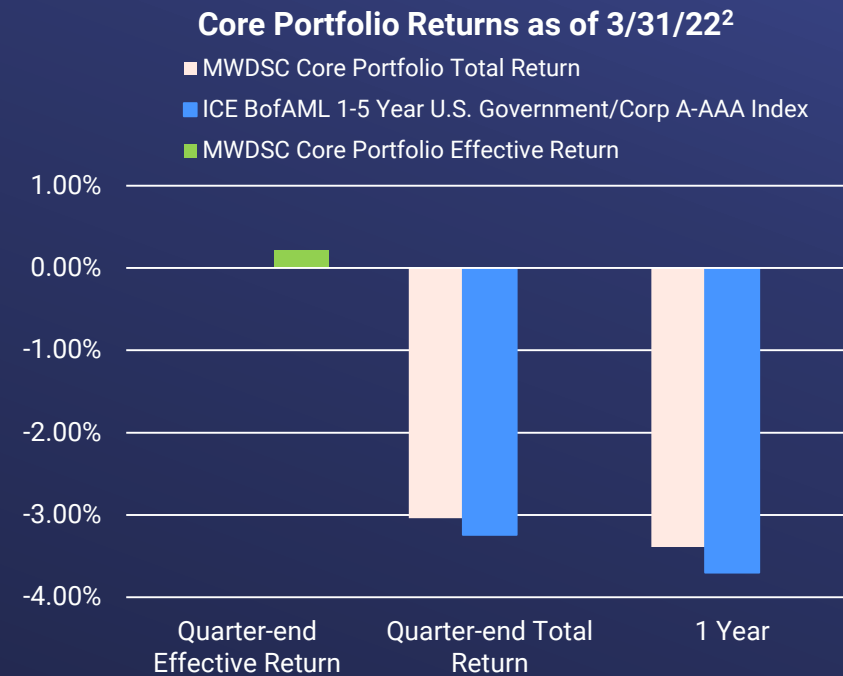
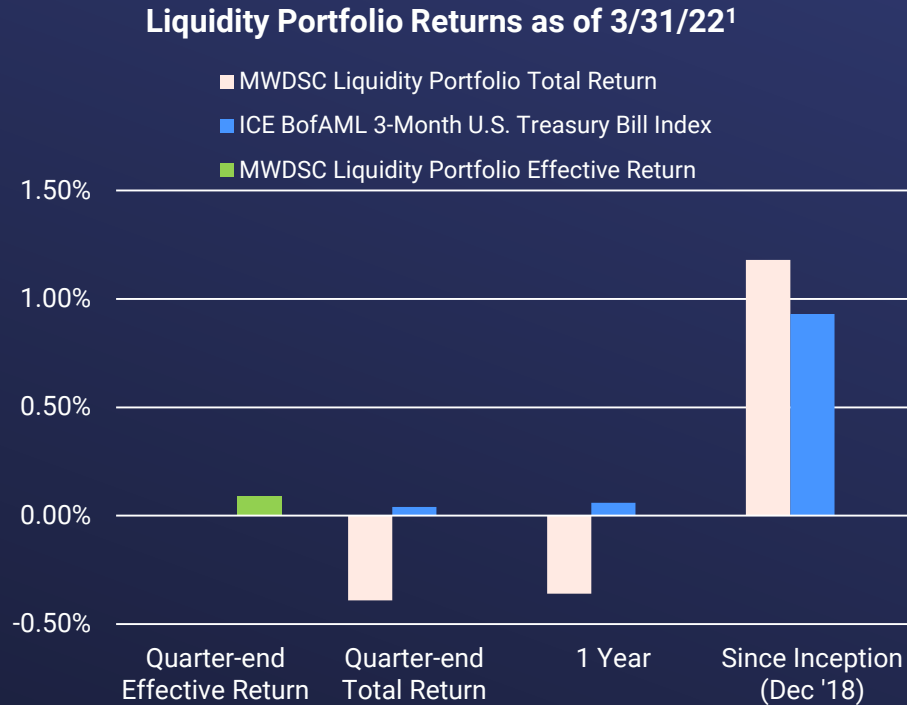
# Overview of Portfolios as of March 31, 2022



1. Includes CAMP, LAIF, and money market fund balances (Overnight).  
2. Credit Ratings are Standard and Poor's .

# 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



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.

# Earnings Projection: FY 2021-2022 & FY 2022-2023

	Liquidity Portfolio	Core Portfolio
FY 2021-2022	\$3,538,360	\$2,667,531
FY 2022-2023	\$16,351,272	\$1,837,950

1. Actual accrual earnings (July 2021 – March 2022) include realized gains/losses on an amortized cost basis.
2. Projected earnings are based on the portfolio balance as of March 31, 2022, which assumes maintaining a constant balance over time.
3. Liquidity Portfolio reinvestment rates based on the interpolated 6-Month Treasury Forward Rate Curve as of April 18, 2022.
4. Core Portfolio reinvestment rates based on an interpolated average of the 2-year and 3-year Treasury Forward Rate Curve as of April 18, 2022.
5. Projected earnings assume no sales or realized gains/losses.

# Disclosure

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# Questions



