



# INVESTMENT REPORT

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Western Municipal Water District | Finance Committee Meeting | As of June 30, 2024

CHANDLER ASSET MANAGEMENT | [chandlerasset.com](http://chandlerasset.com)

**Chandler Team:**

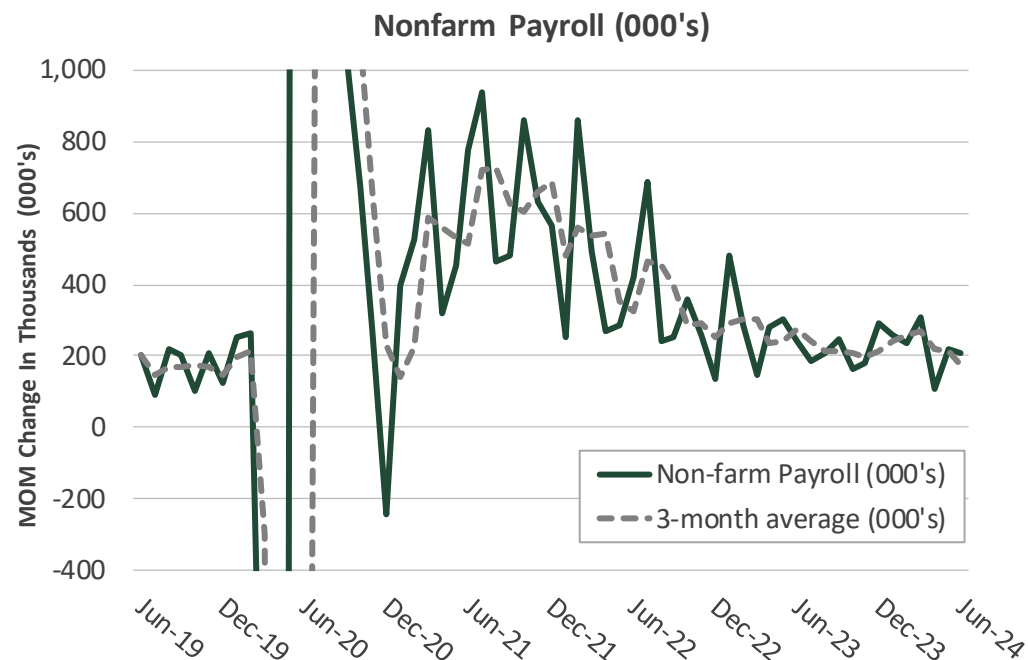
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ECONOMIC UPDATE

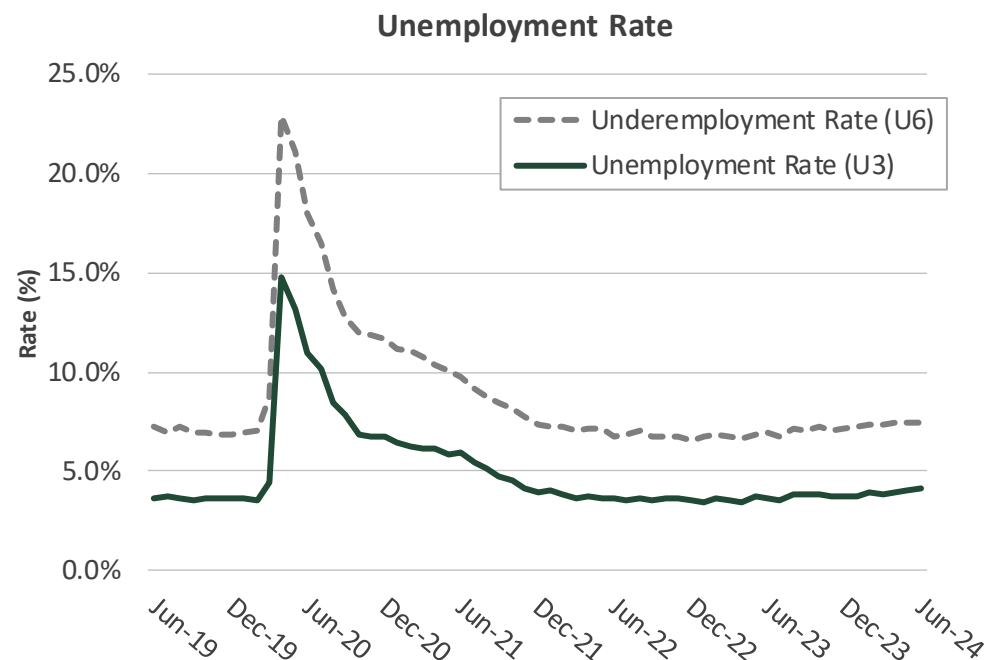
ACCOUNT PROFILE

## ECONOMIC UPDATE

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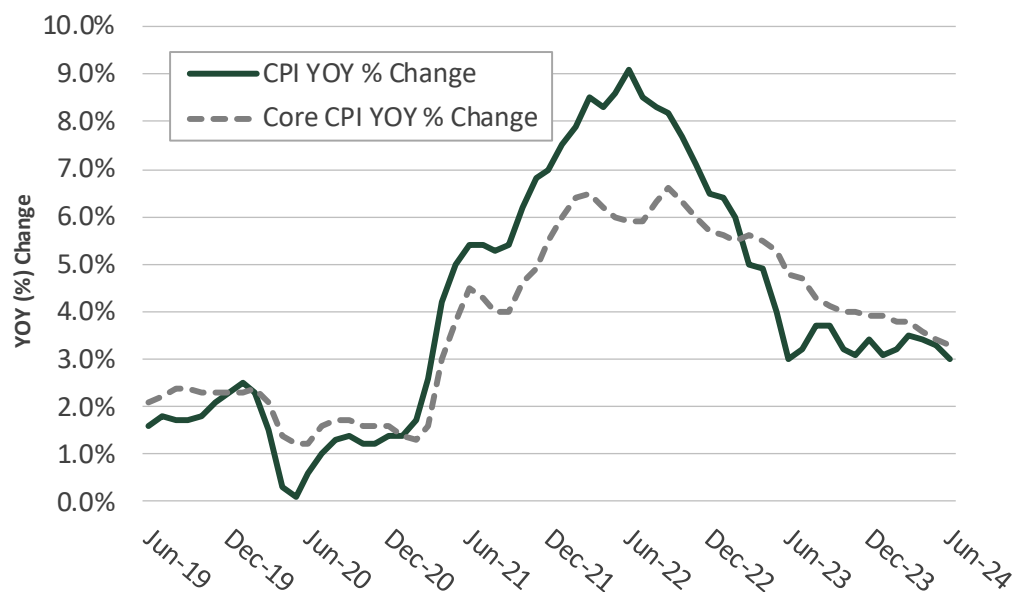
Source: US Department of Labor



Source: US Department of Labor

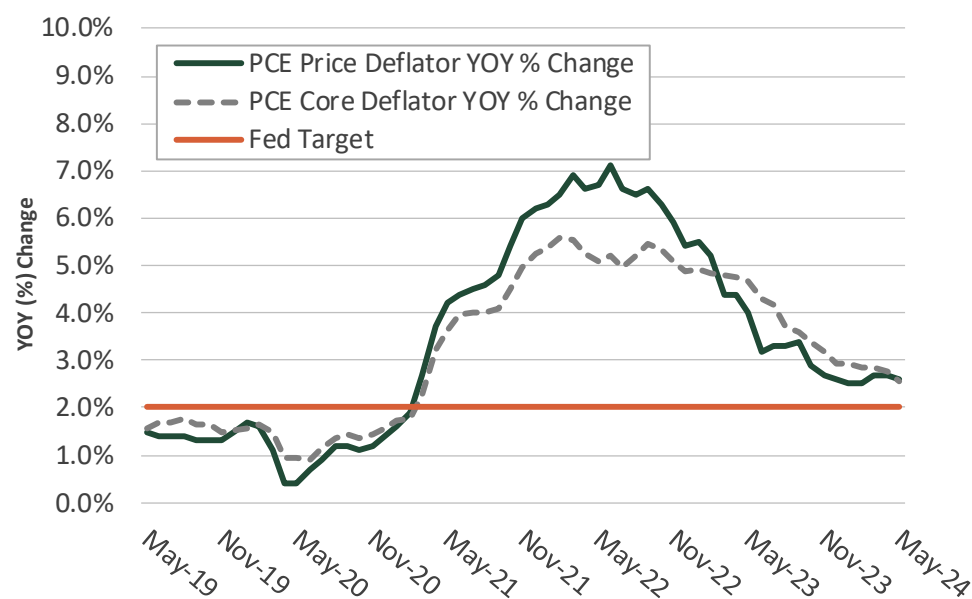
The U.S. economy added 206,000 jobs in June, remaining ahead of consensus expectations of 190,000 jobs. The gains were broad based, with government, health care, and social assistance posting the largest gains. The three-month moving average and six-month moving average payrolls have weakened from the first quarter to 177,000 and 222,000 respectively. The unemployment rate edged up to 4.1% in June, and the labor participation rate inched up to 62.6%, remaining below the pre-pandemic level of 63.3%. The U-6 underemployment rate, which includes those who are marginally attached to the labor force and employed part time for economic reasons held steady at 7.4%. Average hourly earnings rose 3.9% year-over-year in June, down from 4.1% year-over-year in May. The labor markets continue to show signs of cooling in line with the Federal Reserve's view that there has been "substantial" progress towards better balance in the labor market between demand and supply for workers.

## Consumer Price Index (CPI)



Source: US Department of Labor

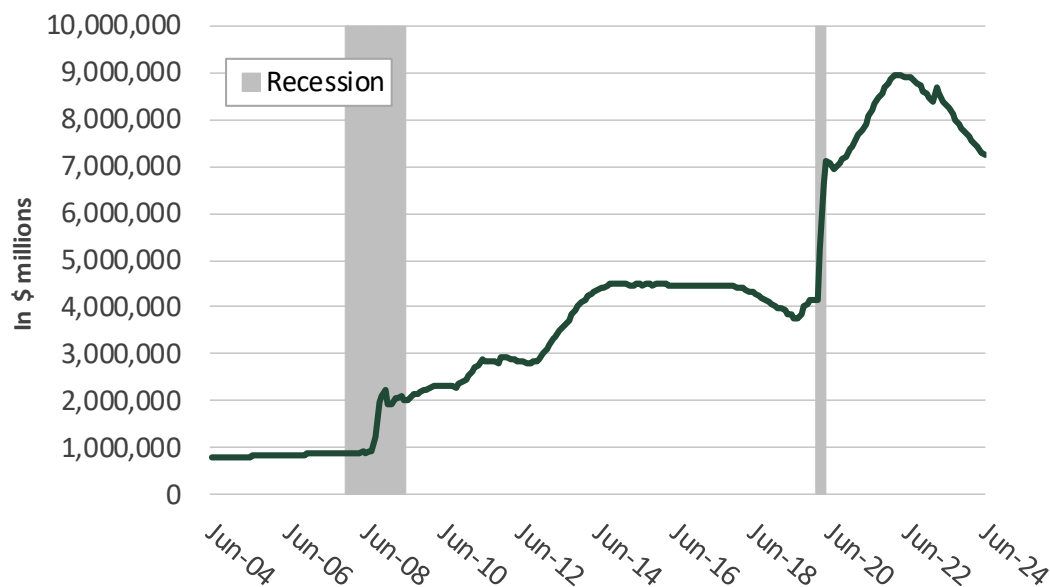
## Personal Consumption Expenditures (PCE)



Source: US Department of Commerce

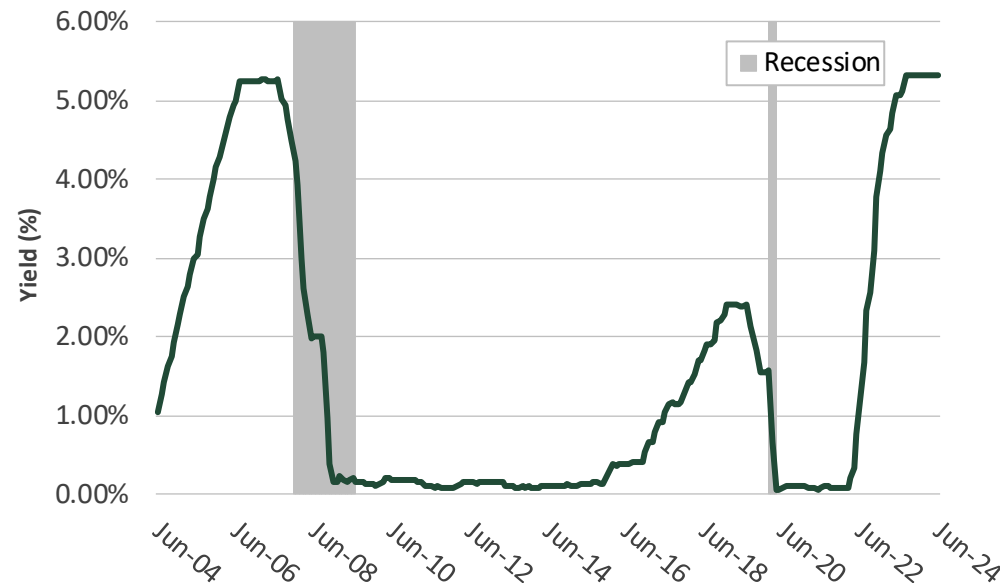
In June, the Consumer Price Index (CPI) declined 0.1% month-over-month and rose 3.0% year-over-year, reflecting broad-based cost reductions. The month-over-month drop was the first deflationary data point since the pandemic. The Core CPI, which excludes volatile food and energy components, was up just 0.1% month-over-month and 3.3% year-over-year in June, down from 3.4% in May and lower than expected. The Personal Consumption Expenditures (PCE) Index decelerated in May as expected. The headline PCE deflator was unchanged in May from April versus up 0.3% in the prior month. Year-over-year, the PCE deflator rose 2.6%. The Core PCE deflator (the Fed's preferred gauge) increased 0.1% in May from the prior month versus up 0.3% in April. The Core PCE deflator also rose 2.6% year-over-year, still above the Fed's 2% inflation target. Much of the lingering inflation has been driven by shelter costs and demand for services.

**Federal Reserve Balance Sheet Assets**



Source: Federal Reserve

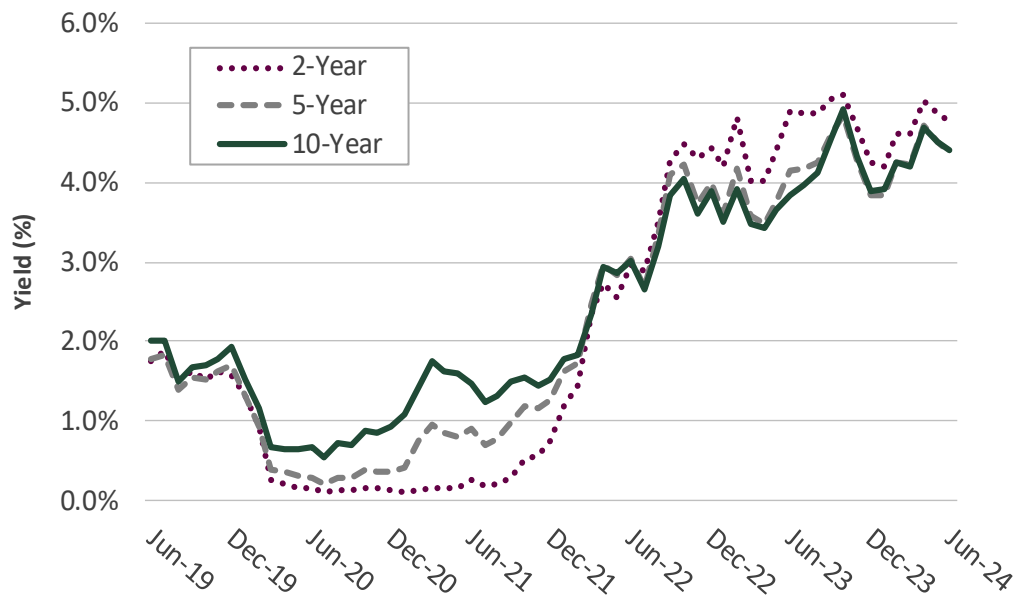
**Effective Federal Funds Rate**



Source: Bloomberg

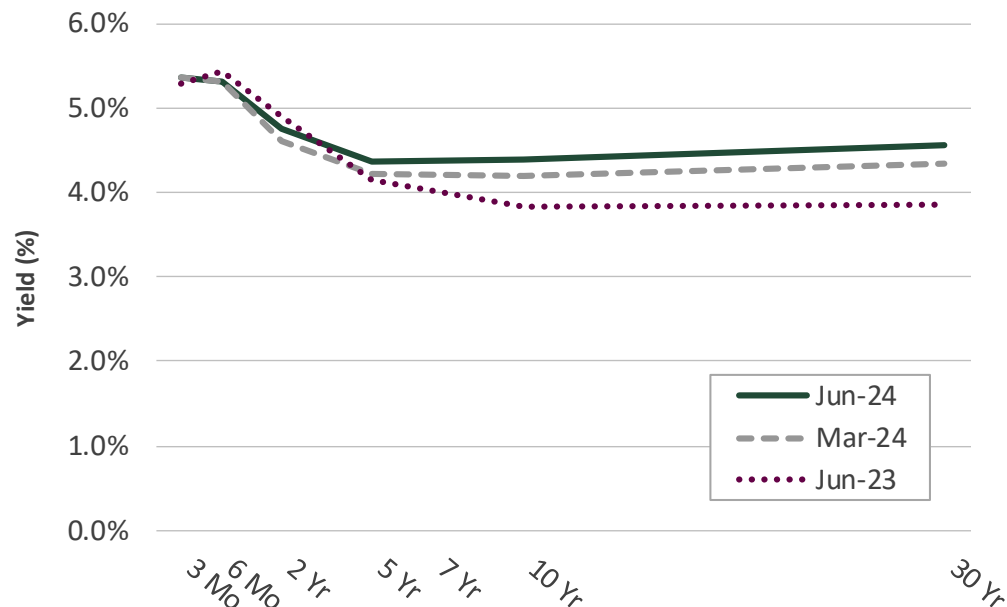
As expected at the June meeting, the Federal Open Market Committee voted unanimously to leave the federal funds rate unchanged at a target range of 5.25-5.50%, emphasizing the need to see sustained evidence of easing inflation before considering any rate cuts. The FOMC's latest projections now suggest only one interest rate cut in 2024, with four more cuts expected in 2025 and a slightly higher long-term neutral rate. The Fed's inflation projections ticked up marginally, while unemployment and GDP growth forecasts remained steady. Additionally, the Fed continues to reduce its holdings of U.S. Treasury securities and agency mortgage-backed securities as per its predefined schedule of \$25 billion and \$35 billion per month. Since the Fed began its Quantitative Tightening campaign in June 2022, securities holdings have declined by approximately \$1.7T to approximately \$7.3T.

## US Treasury Note Yields



Source: Bloomberg

## US Treasury Yield Curve



Source: Bloomberg

At the end of June, the 2-year Treasury yield was 15 basis points lower, and the 10-Year Treasury yield was 56 basis points higher, year-over-year. The inversion between the 2-year Treasury yield and 10-year Treasury yield remained relatively stable at -36 basis points at June month-end versus -37 basis points at May month-end. The inversion has occurred since July 2022 and remains historically long. The average historical spread (since 2003) is about +130 basis points. The inversion between 3-month and 10-year Treasuries widened to -96 basis points in June from -91 basis points in May.

## ACCOUNT PROFILE

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# STATEMENT OF COMPLIANCE



Western Municipal Water District | Account #250 | As of June 30, 2024

Rules Name	Limit	Actual	Compliance Status	Notes
<b>AGENCY MORTGAGE SECURITIES (CMOS)</b>				
Max % (MV)	100.0	12.2	Compliant	
Max % Issuer (MV)	25.0	12.2	Compliant	
Max Maturity (Years)	10.0		Compliant	
<b>ASSET-BACKED SECURITIES (ABS)</b>				
Max % (MV; Non Agency ABS & MBS)	20.0	5.6	Compliant	
Max % Issuer (MV)	5.0	1.5	Compliant	
Max Maturity (Years)	5	4	Compliant	
Min Rating (AA- by 1)	0.0	0.0	Compliant	
<b>BANKERS' ACCEPTANCES</b>				
Max % (MV)	40.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Days)	180	0.0	Compliant	
Min Rating (A-1 by 1 or A- by 1)	0.0	0.0	Compliant	
<b>CERTIFICATE OF DEPOSIT PLACEMENT SERVICE (CDARS)</b>				
Max % (MV)	30.0	0.0	Compliant	
Max Maturity (Years)	5.0	0.0	Compliant	
<b>COLLATERALIZED TIME DEPOSITS (NON-NEGOTIABLE CD/TD)</b>				
Max % (MV)	20.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Years)	5.0	0.0	Compliant	
<b>COMMERCIAL PAPER</b>				
Max % (MV)	40.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Days)	270	0.0	Compliant	
Min Rating (A-1 by 1 or A- by 1)	0.0	0.0	Compliant	
<b>CORPORATE MEDIUM TERM NOTES</b>				
Max % (MV)	30.0	25.5	Compliant	
Max % Issuer (MV)	5.0	1.6	Compliant	

# STATEMENT OF COMPLIANCE

Western Municipal Water District | Account #250 | As of June 30, 2024

Rules Name	Limit	Actual	Compliance Status	Notes
Max Maturity (Years)	5	4	Compliant	
Min Rating (A- by 1)	0.0	0.0	Compliant	
<b>FDIC INSURED TIME DEPOSITS (NON-NEGOTIABLE CD/ TD)</b>				
Max % (MV)	20.0	0.0	Compliant	
Max Amount Issuer	250,000.0	0.0	Compliant	
Max Maturity (Years)	5	0.0	Compliant	
<b>FEDERAL AGENCIES</b>				
Max % (MV)	100.0	17.0	Compliant	
Max % Issuer (MV)	25.0	6.6	Compliant	
Max Maturity (Years)	10	6	Compliant	
<b>LOCAL AGENCY INVESTMENT FUND (LAIF)</b>				
Max Concentration (MV)	75.0	0.0	Compliant	
<b>MONEY MARKET MUTUAL FUNDS</b>				
Max % (MV)	20.0	0.4	Compliant	
Min Rating (AAA by 2)	0.0	0.0	Compliant	
<b>MORTGAGE-BACKED SECURITIES (NON-AGENCY)</b>				
Max % (MV)	20.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Years)	5.0	0.0	Compliant	
Min Rating (AA- by 1)	0.0	0.0	Compliant	
<b>MUNICIPAL SECURITIES (CA, LOCAL AGENCY)</b>				
Max % (MV)	30.0	2.0	Compliant	
Max % Issuer (MV)	5.0	2.0	Compliant	
Max Maturity (Years)	10	8	Compliant	
Min Rating (A- by 1)	0.0	0.0	Compliant	
<b>MUNICIPAL SECURITIES (CA, OTHER STATES)</b>				
Max % (MV)	30.0	1.3	Compliant	
Max % Issuer (MV)	5.0	0.7	Compliant	
Max Maturity (Years)	10	7	Compliant	

# STATEMENT OF COMPLIANCE



Western Municipal Water District | Account #250 | As of June 30, 2024

Rules Name	Limit	Actual	Compliance Status	Notes
Min Rating (A- by 1)	0.0	0.0	Compliant	
<b>MUTUAL FUNDS</b>				
Max % (MV)	10.0	0.0	Compliant	
Max % Issuer (MV)	10.0	0.0	Compliant	
Min Rating (AAA by 2)	0.0	0.0	Compliant	
<b>NEGOTIABLE CERTIFICATES OF DEPOSIT (NCD)</b>				
Max % (MV)	30.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Years)	5	0.0	Compliant	
Min Rating (A-1 by 1 or A- by 1 if > FDIC Limit)	0.0	0.0	Compliant	
<b>REPURCHASE AGREEMENTS</b>				
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Days)	90.0	0.0	Compliant	
<b>SUPRANATIONAL OBLIGATIONS</b>				
Max % (MV)	30.0	2.9	Compliant	
Max % Issuer (MV)	10.0	1.5	Compliant	
Max Maturity (Years)	5	1	Compliant	
Min Rating (AA- by 1)	0.0	0.0	Compliant	
<b>U.S. TREASURIES</b>				
Max % (MV)	100.0	33.1	Compliant	
Max Maturity (Years)	10	9	Compliant	

# PORTFOLIO CHARACTERISTICS



Western Municipal Water District | Account #250 | As of June 30, 2024

	Benchmark*	6/30/2024 Portfolio	3/31/2024 Portfolio
Average Maturity (yrs)	3.89	4.23	3.97
Average Modified Duration	3.53	3.59	3.51
Average Purchase Yield		2.85%	2.73%
Average Market Yield	4.58%	4.79%	4.84%
Average Quality**	AA+	AA	AA
Total Market Value		260,974,780	259,032,780

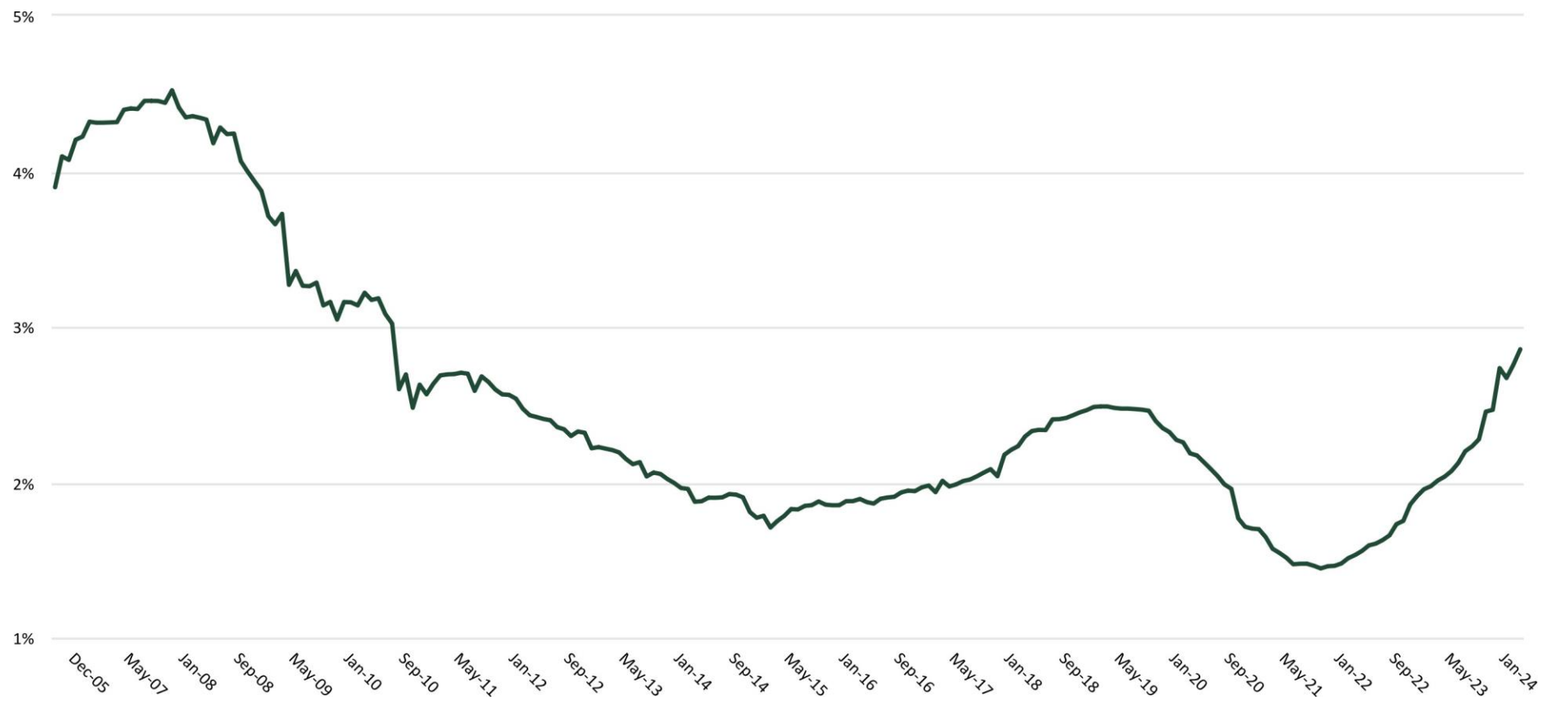
\*Benchmark: ICE BofA 1-10 Year Unsubordinated US Treasury & Agency Index  
\*\*The credit quality is a weighted average calculation of the highest of S&P, Moody's and Fitch.

# HISTORICAL AVERAGE PURCHASE YIELD



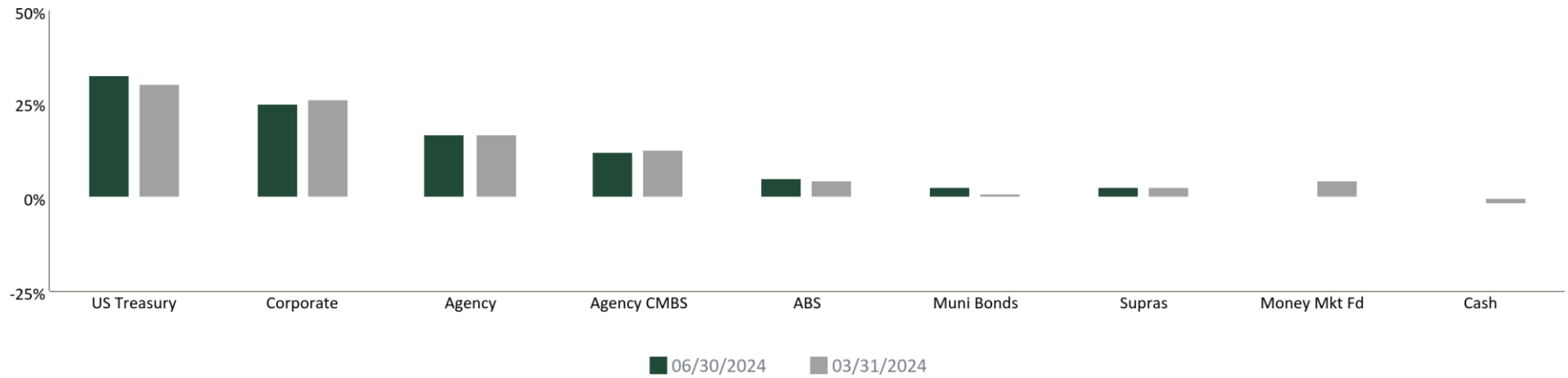
Western Municipal Water District | Account #250 | As of June 30, 2024

Purchase Yield as of 06/30/24 = 2.85%



## SECTOR DISTRIBUTION

Western Municipal Water District | Account #250 | As of June 30, 2024



### Sector as a Percentage of Market Value

Sector	06/30/2024	03/31/2024
US Treasury	33.1%	30.4%
Corporate	25.4%	26.6%
Agency	17.1%	17.1%
Agency CMBS	12.3%	13.0%
ABS	5.6%	5.1%
Muni Bonds	3.2%	1.2%
Supras	2.9%	2.9%
Money Mkt Fd	0.4%	4.9%
Cash	0.0%	-1.3%

## ISSUERS

Western Municipal Water District | Account #250 | As of June 30, 2024

Issuer	Investment Type	% Portfolio
United States	US Treasury	33.09%
FHLMC	Multiple	15.36%
Federal Home Loan Banks	Agency	6.57%
FNMA	Agency	6.49%
State of California	Muni Bonds	1.97%
JPMorgan Chase & Co.	Corporate	1.63%
American Express Credit Master Trust	ABS	1.54%
Inter-American Development Bank	Supras	1.50%
International Bank for Recon and Dev	Supras	1.42%
Deere & Company	Corporate	1.34%
The Toronto-Dominion Bank	Corporate	1.20%
Toyota Motor Corporation	Corporate	1.19%
New York Life Insurance Company	Corporate	1.16%
Amazon.com, Inc.	Corporate	1.15%
John Deere Owner Trust	ABS	1.13%
Bank of America Corporation	Corporate	1.11%
Massachusetts Mutual Life Insurance	Corporate	0.98%
Hyundai Auto Receivables Trust	ABS	0.97%
Caterpillar Inc.	Corporate	0.96%
Prologis, Inc.	Corporate	0.95%
Realty Income Corporation	Corporate	0.94%
Tennessee Valley Authority	Agency	0.92%
Northwestern Mutual Global Funding	Corporate	0.88%
Guardian Life Global Funding	Corporate	0.79%
NextEra Energy, Inc.	Corporate	0.78%
The Home Depot, Inc.	Corporate	0.77%
Berkshire Hathaway Inc.	Corporate	0.75%
Duke Energy Corporation	Corporate	0.74%

## ISSUERS

Western Municipal Water District | Account #250 | As of June 30, 2024

Issuer	Investment Type	% Portfolio
Public Service Enterprise Group Inco	Corporate	0.74%
The Charles Schwab Corporation	Corporate	0.73%
Bank of Montreal	Corporate	0.72%
Dominion Energy, Inc.	Corporate	0.71%
GM Financial Automobile Leasing Trus	ABS	0.71%
Wells Fargo & Company	Corporate	0.69%
Eli Lilly and Company	Corporate	0.68%
BNY Mellon Corp	Corporate	0.66%
State Of Georgia	Muni Bonds	0.66%
Metropolitan Life Global Funding I	Corporate	0.62%
Honeywell International Inc.	Corporate	0.58%
State of Texas	Muni Bonds	0.58%
Bank of America Credit Card Trust	ABS	0.51%
Pricoa Global Funding I	Corporate	0.44%
Met Tower Global Funding	Corporate	0.42%
First American Govt Oblig fund	Money Mkt Fd	0.40%
GM Financial Securitized Term	ABS	0.38%
Royal Bank of Canada	Corporate	0.36%
Northern Trust Corporation	Corporate	0.36%
Walmart Inc.	Corporate	0.19%
UnitedHealth Group Incorporated	Corporate	0.18%
BMW Vehicle Owner Trust	ABS	0.18%
Honda Auto Receivables Owner Trust	ABS	0.11%
Toyota Auto Receivables Owner Trust	ABS	0.10%
Cash	Cash	0.01%
<b>TOTAL</b>		<b>100.00%</b>

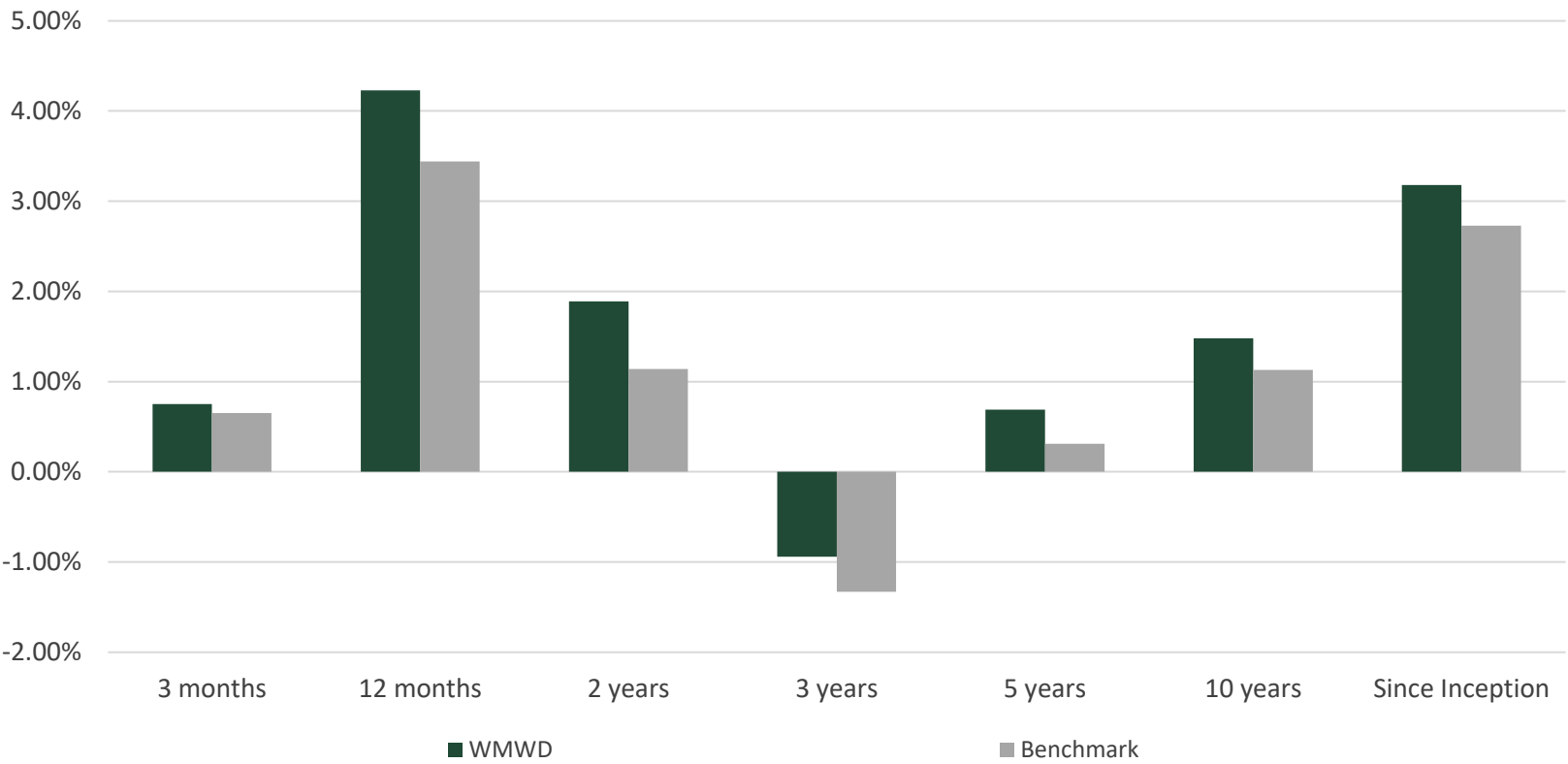


# INVESTMENT PERFORMANCE



Western Municipal Water District | Account #250 | As of June 30, 2024

Total Rate of Return : Inception | 09/01/2001



	3 Months	12 Months	2 Years	3 Years	5 Years	10 Years	Since Inception
TOTAL RATE OF RETURN							
WMWD	0.75%	4.23%	1.89%	(0.94%)	0.69%	1.48%	3.18%
Benchmark	0.65%	3.44%	1.14%	(1.33%)	0.31%	1.13%	2.73%

\*Periods over 1 year are annualized.  
Benchmark: ICE BofA 1-10 Year Unsubordinated US Treasury & Agency Index  
Total rate of return: A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending market value; it includes interest earnings, realized and unrealized gains and losses in the portfolio.

# INVESTMENT REPORT

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Western Municipal Water District VEBA Account | Account #254 | As of June 30, 2024

**CHANDLER ASSET MANAGEMENT** | [chandlerasset.com](https://chandlerasset.com)

**Chandler Team:**

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# STATEMENT OF COMPLIANCE



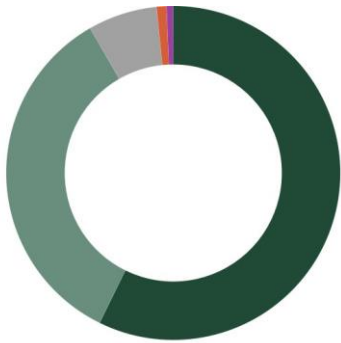
Western Municipal Water District VEBA Account | Account #254 | As of June 30, 2024

Rules Name	Limit	Actual	Compliance Status	Notes
<b>CASH EQUIVALENTS</b>				
Max % (MV)	10.0	1.0	Compliant	
Min % (MV)	0.0	1.0	Compliant	
<b>COMMODITIES</b>				
Max % (MV)	25.0	0.6	Compliant	
Min % (MV)	0.0	0.6	Compliant	
<b>DOMESTIC BONDS</b>				
Max % (MV)	75.0	27.7	Compliant	
Min % (MV)	15.0	27.7	Compliant	
<b>DOMESTIC EQUITIES</b>				
Max % (MV)	75.0	41.7	Compliant	
Min % (MV)	20.0	41.7	Compliant	
<b>FIXED INCOME</b>				
Max % (MV)	75.0	32.7	Compliant	
Min % (MV)	25.0	32.7	Compliant	
<b>INTERNATIONAL BONDS</b>				
Max % (MV)	35.0	1.7	Compliant	
Min % (MV)	0.0	1.7	Compliant	
<b>INTERNATIONAL EQUITIES</b>				
Max % (MV)	50.0	15.6	Compliant	
Min % (MV)	5.0	15.6	Compliant	
<b>INTERNATIONAL REAL ESTATE</b>				
Max % (MV)	10.0	1.4	Compliant	
Min % (MV)	0.0	1.4	Compliant	
<b>US REAL ESTATE</b>				
Max % (MV)	25.0	5.2	Compliant	
Min % (MV)	0.0	5.2	Compliant	

# CURRENT ASSET ALLOCATION

Western Municipal Water District VEBA Account | Account #254 | As of June 30, 2024

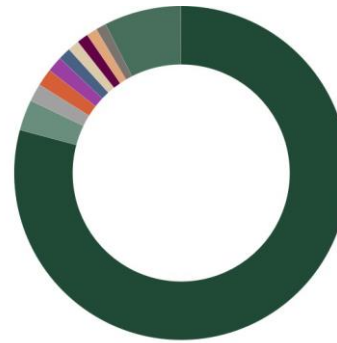
## Asset Allocation



Equity **57.28%**  
Real Estate (REIT) **6.68%**  
Commodities **0.64%**  
Bonds **34.44%**  
Cash **0.96%**

	Market Value	% Held
Equity	13,090,812.00	57.28%
Bonds	7,870,427.00	34.44%
Real Estate (REIT)	1,527,196.40	6.68%
Cash	219,474.56	0.96%
Commodities	147,076.00	0.64%
Total	22,854,985.96	100.00%

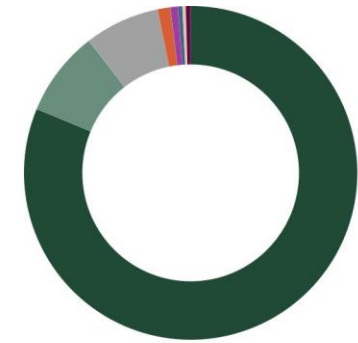
## Country Allocation



United States **79.16%**  
Canada **1.72%**  
China **1.51%**  
Germany **1.11%**  
Australia **1.03%**  
Other **7.49%**  
Japan **2.99%**  
United Kingdom **1.67%**  
France **1.23%**  
Taiwan **1.10%**  
France **0.99%**

Country	Region	% held
United States	North America	79.16%
Japan	Asia	2.99%
Canada	North America	1.72%
United Kingdom	Europe	1.67%
China	Asia	1.51%
France	Europe	1.23%
Germany	Europe	1.11%
Taiwan	Asia	1.10%
Australia	Australia	1.03%
France	Europe	0.99%
Other	Various	7.49%
Total		100.00%

## Regional Allocation



North America **81.26%**  
Western Europe **7.25%**  
Africa / Middle East **0.74%**  
Eastern Europe **0.32%**  
Asia Pacific **8.30%**  
Central Asia **1.24%**  
South & Central America **0.42%**  
Other **0.47%**

Region	% held
North America	81.26%
Asia Pacific	8.30%
Western Europe	7.25%
Central Asia	1.24%
Africa / Middle East	0.74%
South & Central America	0.42%
Eastern Europe	0.32%
Other	0.47%
Total	100.00%

## CHANGE IN PORTFOLIO HOLDINGS DETAIL

Western Municipal Water District VEBA Account | Account #254 | As of June 30, 2024

	June 30, 2024		March 31, 2024		Change	
	Market Value	% Held	Market Value	% Held	Market Value	% Held
<b>BONDS</b>						
Core Bonds	6,340,400.00	27.74%	6,318,810.00	27.47%	21,590.00	0.27%
Intl Bonds	389,360.00	1.70%	393,520.00	1.71%	(4,160.00)	(0.01)
US Bonds	1,140,667.00	4.99%	1,094,800.00	4.76%	45,867.00	0.23%
<b>Total Bonds</b>	<b>7,870,427.00</b>	<b>34.44%</b>	<b>7,807,130.00</b>	<b>33.94%</b>	<b>63,297.00</b>	<b>0.50%</b>
<b>CASH</b>						
Cash	24,303.84	0.11%	365.03	0.00%	23,938.81	0.10%
Money Mkt Fd	195,170.72	0.85%	102,209.61	0.44%	92,961.11	0.41%
<b>Total Cash</b>	<b>219,474.56</b>	<b>0.96%</b>	<b>102,574.64</b>	<b>0.45%</b>	<b>116,899.92</b>	<b>0.51%</b>
<b>COMMODITIES</b>						
Commodities	147,076.00	0.64%	146,478.40	0.64%	597.60	0.01%
<b>Total Commodities</b>	<b>147,076.00</b>	<b>0.64%</b>	<b>146,478.40</b>	<b>0.64%</b>	<b>597.60</b>	<b>0.01%</b>
<b>EQUITY</b>						
Emrging Mkts	1,137,760.00	4.98%	1,060,958.00	4.61%	76,802.00	0.37%
Small Cap	2,289,420.00	10.02%	2,514,490.00	10.93%	(225,070.00)	(0.91)
Mid Cap	3,525,830.00	15.43%	3,659,585.00	15.91%	(133,755.00)	(0.48)
Intl Equity	2,416,638.00	10.57%	2,453,313.00	10.66%	(36,675.00)	(0.09)
Large Cap	3,721,164.00	16.28%	3,680,110.00	16.00%	41,054.00	0.28%
<b>Total Equity</b>	<b>13,090,812.00</b>	<b>57.28%</b>	<b>13,368,456.00</b>	<b>58.11%</b>	<b>(277,644.00)</b>	<b>(0.84)</b>
<b>REAL ESTATE (REIT)</b>						
Intl RE	329,428.40	1.44%	342,176.80	1.49%	(12,748.40)	(0.05)
Real Estate	1,197,768.00	5.24%	1,236,664.00	5.38%	(38,896.00)	(0.14)

# CHANGE IN PORTFOLIO HOLDINGS DETAIL



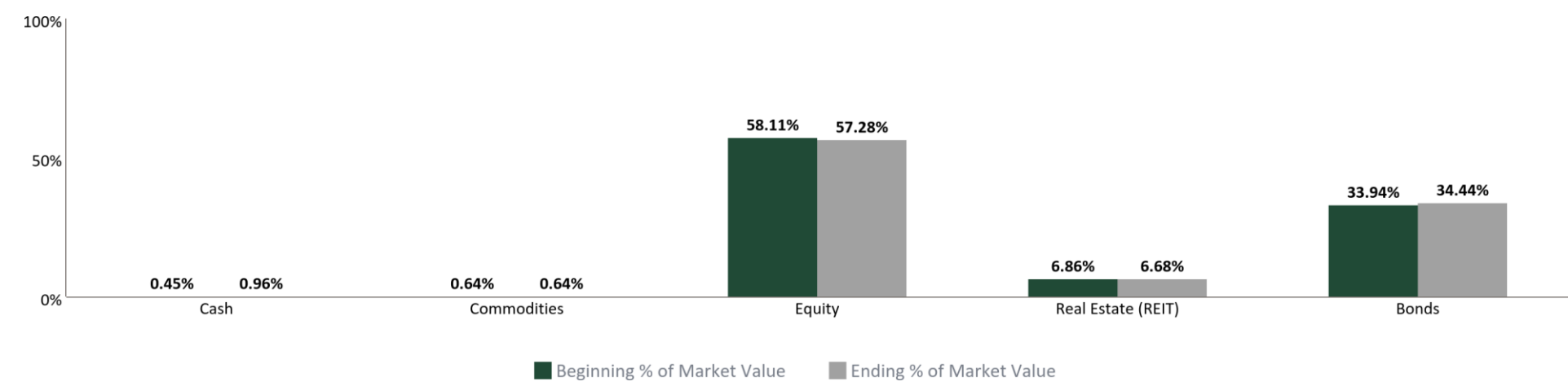
Western Municipal Water District VEBA Account | Account #254 | As of June 30, 2024

	June 30, 2024		March 31, 2024		Change	
	Market Value	% Held	Market Value	% Held	Market Value	% Held
Total Real Estate (REIT)	1,527,196.40	6.68%	1,578,840.80	6.86%	(51,644.40)	(0.18)
TOTAL PORTFOLIO	22,854,985.96	100.00%	23,003,479.84	100.00%	(148,493.88)	0.00%

# CHANGE IN PORTFOLIO HOLDINGS



Western Municipal Water District VEBA Account | Account #254 | As of June 30, 2024



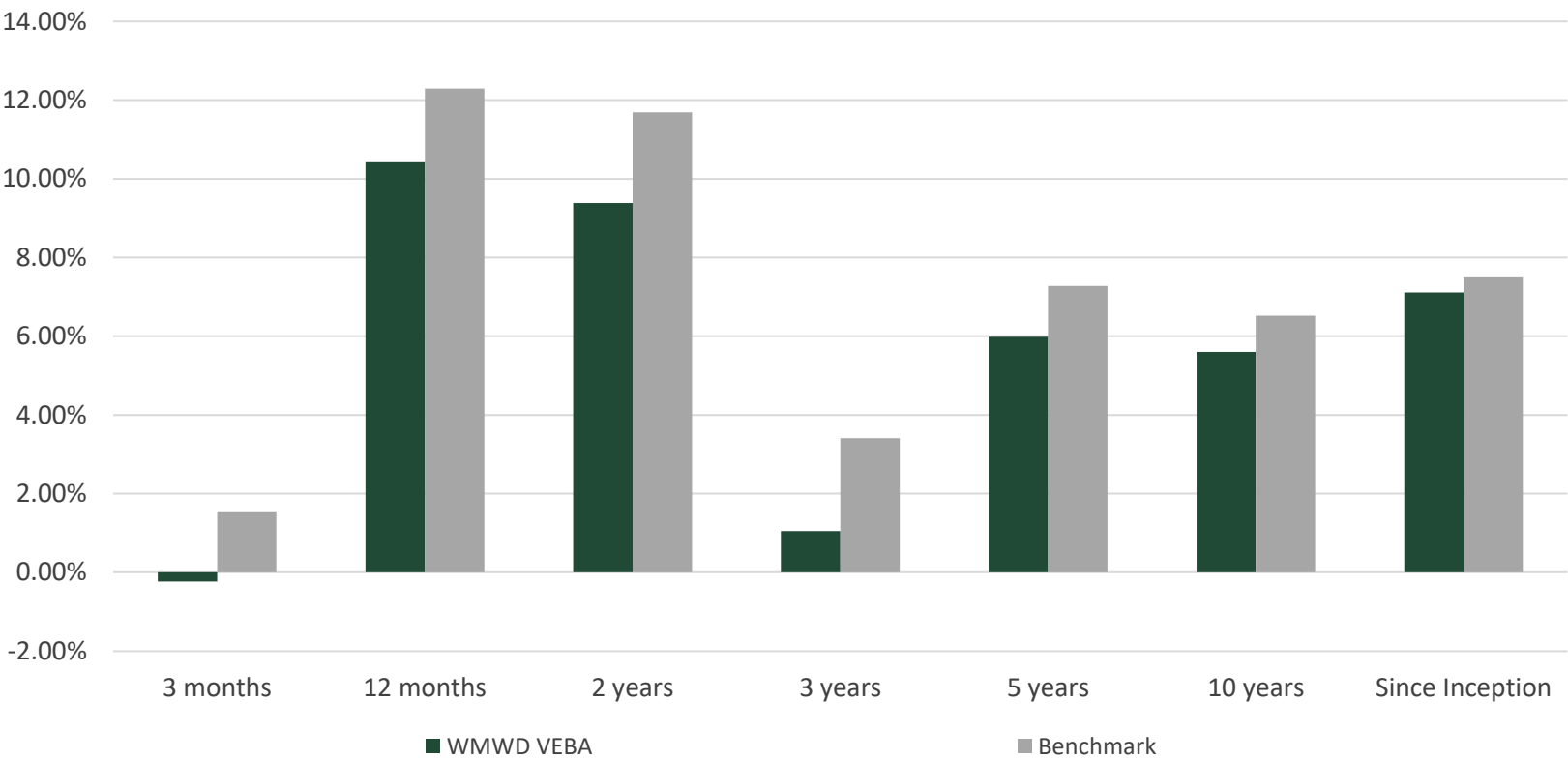
	June 30, 2024		March 31, 2024		Change	
	Market Value	% Held	Market Value	% Held	Market Value	% Held
Cash	219,474.56	0.96%	102,574.64	0.45%	116,899.92	0.51%
Commodities	147,076.00	0.64%	146,478.40	0.64%	597.60	0.01%
Equity	13,090,812.00	57.28%	13,368,456.00	58.11%	(277,644.00)	(0.84)
Real Estate (REIT)	1,527,196.40	6.68%	1,578,840.80	6.86%	(51,644.40)	(0.18)
Bonds	7,870,427.00	34.44%	7,807,130.00	33.94%	63,297.00	0.50%

# INVESTMENT PERFORMANCE



Western Municipal Water District VEBA Account | Account #254 | As of June 30, 2024

Total Rate of Return Annualized Since Inception | 12/01/2009



	3 Months	12 Months	2 Years	3 Years	5 Years	10 Years	Since Inception
TOTAL RATE OF RETURN							
WMWD VEBA Account	(0.23%)	10.42%	9.38%	1.05%	5.99%	5.60%	7.11%
Benchmark	1.55%	12.29%	11.69%	3.41%	7.28%	6.52%	7.52%

\*Periods over 1 year are annualized.  
Benchmark: 40% ICE BofA US Corporate, Government and Mortgage Index, 35% S&P 500 Index and 25% MSCI EAFE  
Total rate of return: A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending market value; it includes interest earnings, realized and unrealized gains and losses in the portfolio.