



# INVESTMENT REPORT

---

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

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

**Chandler Team:**

For questions about your account, please call (800) 317-4747,  
or contact [clientservice@chandlerasset.com](mailto:clientservice@chandlerasset.com)

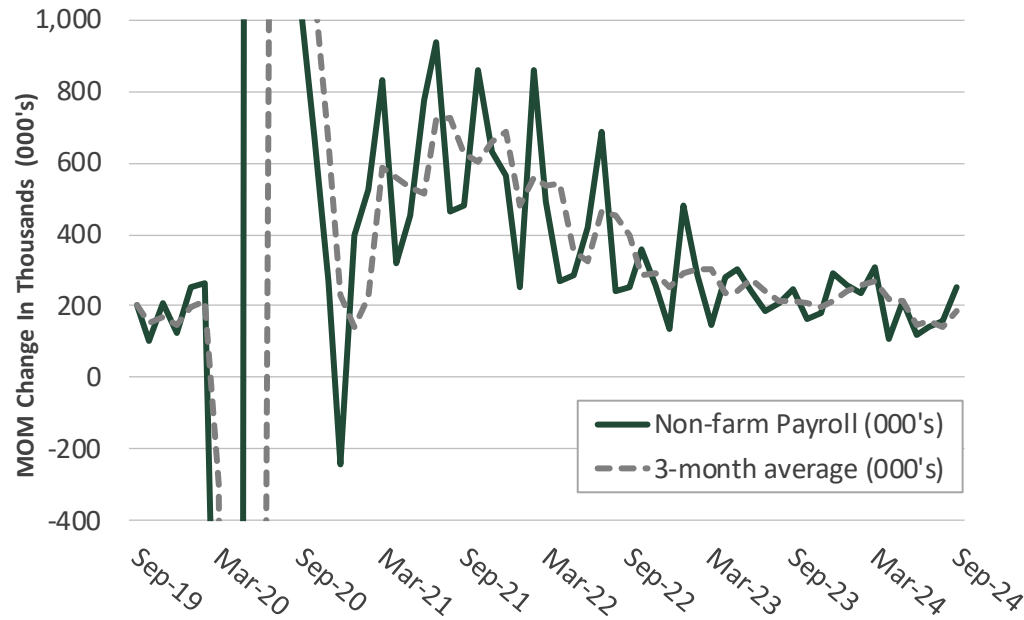
**ECONOMIC UPDATE**

**ACCOUNT PROFILE**

## ECONOMIC UPDATE

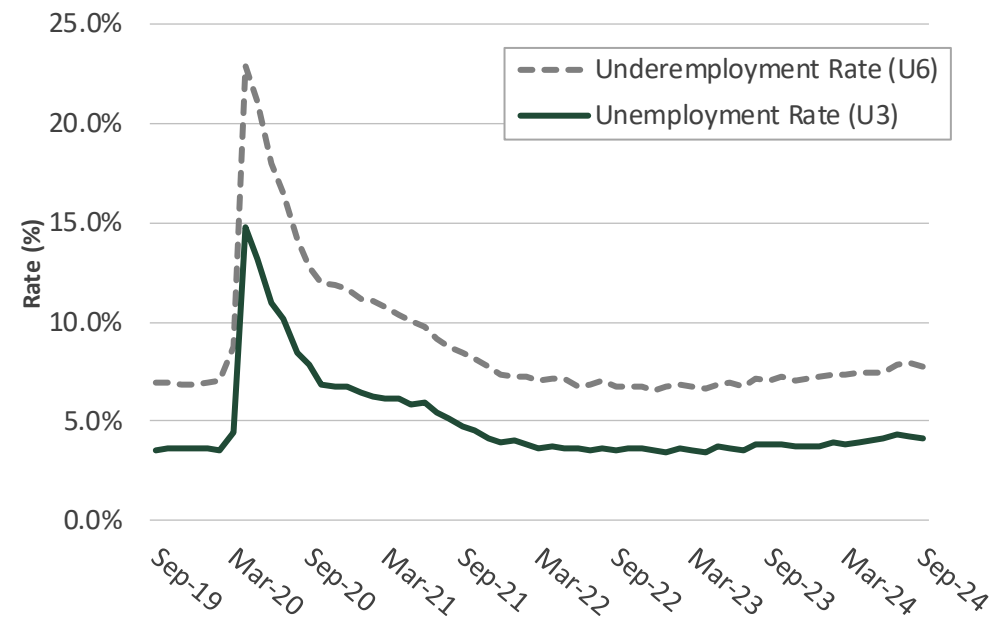
---

Nonfarm Payroll (000's)



Source: US Department of Labor

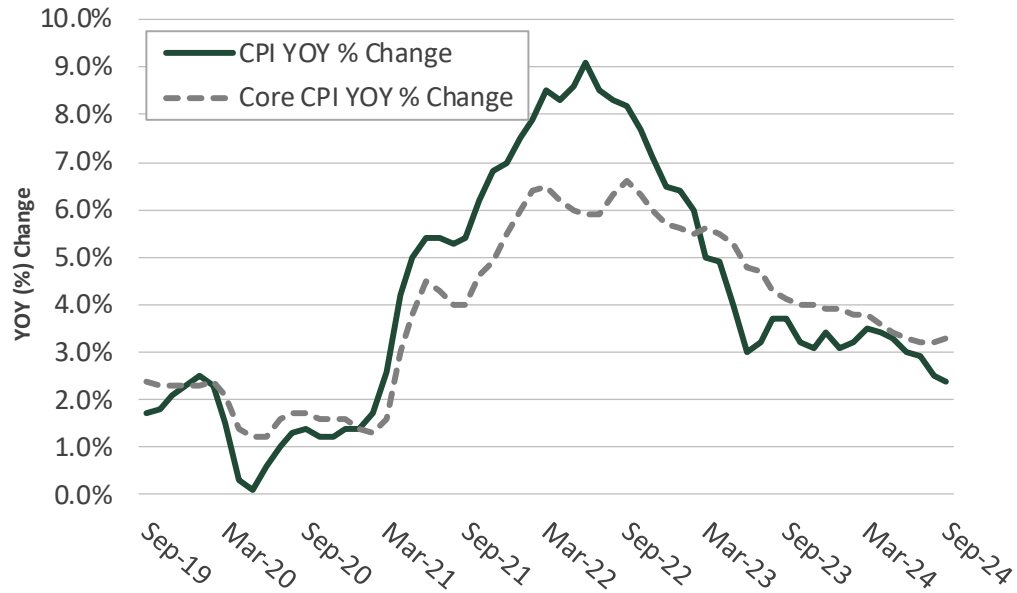
Unemployment Rate



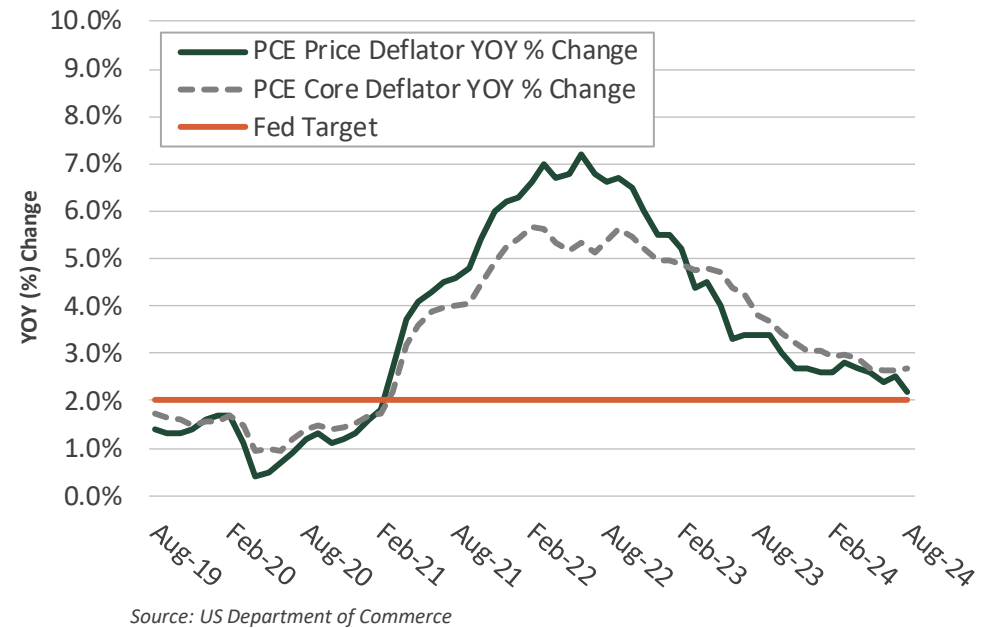
Source: US Department of Labor

The U.S. economy added 254,000 jobs in September, well above expectations of 150,000. The three-month moving average and six-month moving average payrolls continued to trend weaker to 186,000 and 167,000 respectively. The unemployment rate declined to 4.1% in September, and the labor participation rate remained at 62.7%, 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 declined to 7.7% from 7.9%. Average hourly earnings rose 4.0% year-over-year in September. U.S. labor market data from September surprised to the upside, with strong job growth and a sharper-than-expected drop in unemployment, suggesting the economy may be more resilient than anticipated. The Federal Reserve's view is that there has been "substantial" progress towards better balance in the labor market between demand and supply for workers.

Consumer Price Index (CPI)

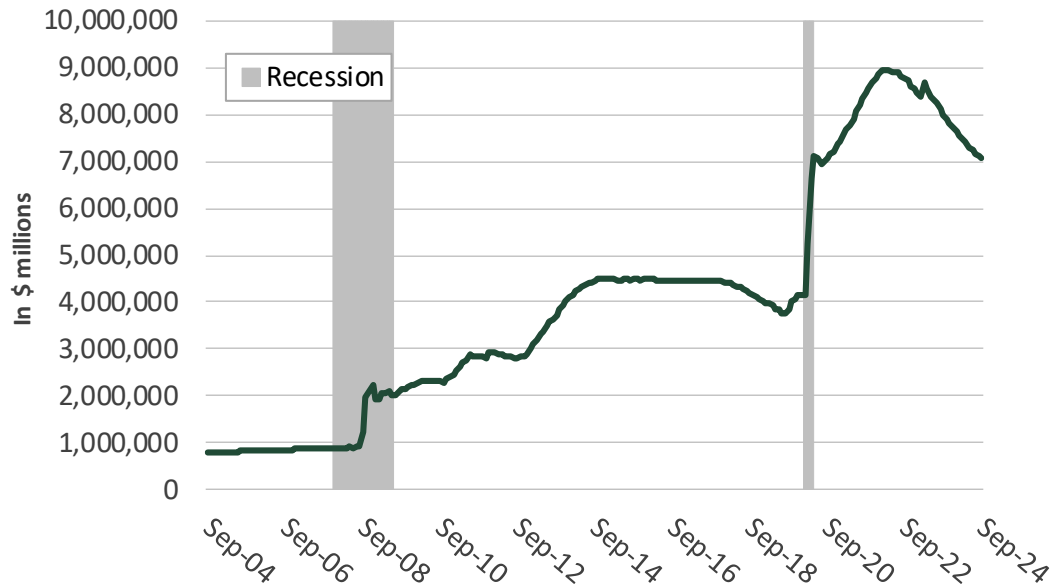


Personal Consumption Expenditures (PCE)



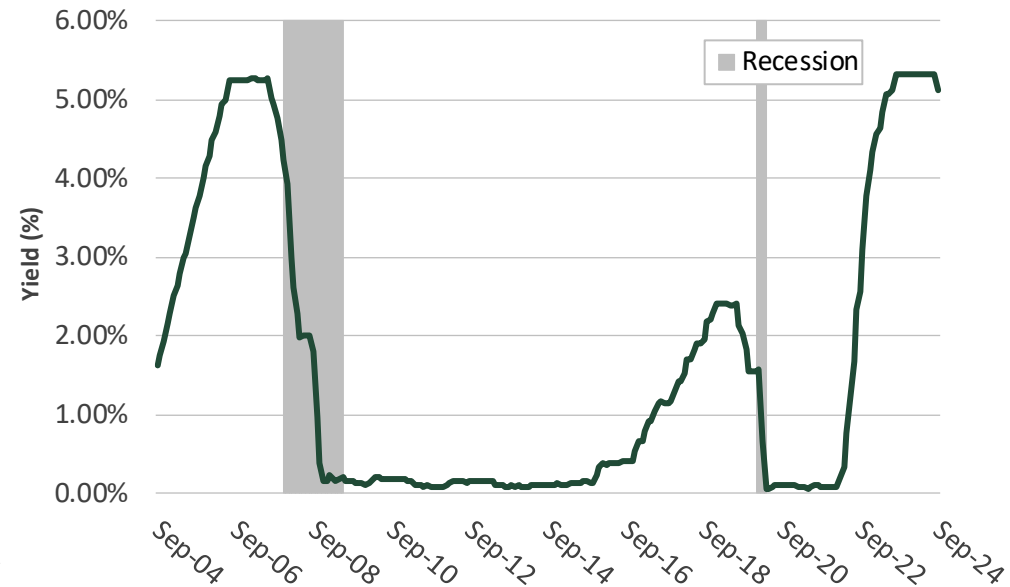
In September, the Consumer Price Index (CPI) rose 0.2% month-over-month and 2.4% year-over-year, down from 2.5% in August, but slightly higher than expected. The Core CPI, which excludes volatile food and energy components, rose by 0.3% month-over-month and 3.3% year-over-year, also exceeding consensus forecasts. The Personal Consumption Expenditures (PCE) Index rose 0.1% from the previous month and 2.2% year-over-year in August. The Core PCE deflator (the Fed's preferred gauge) increased 0.1% month-over-month and 2.7% over the past year, still above the Fed's 2% inflation target. Much of the lingering inflation has been driven by shelter costs and demand for services, but recent data provide confirmation that inflation is moderating.

Federal Reserve Balance Sheet Assets



Source: Federal Reserve

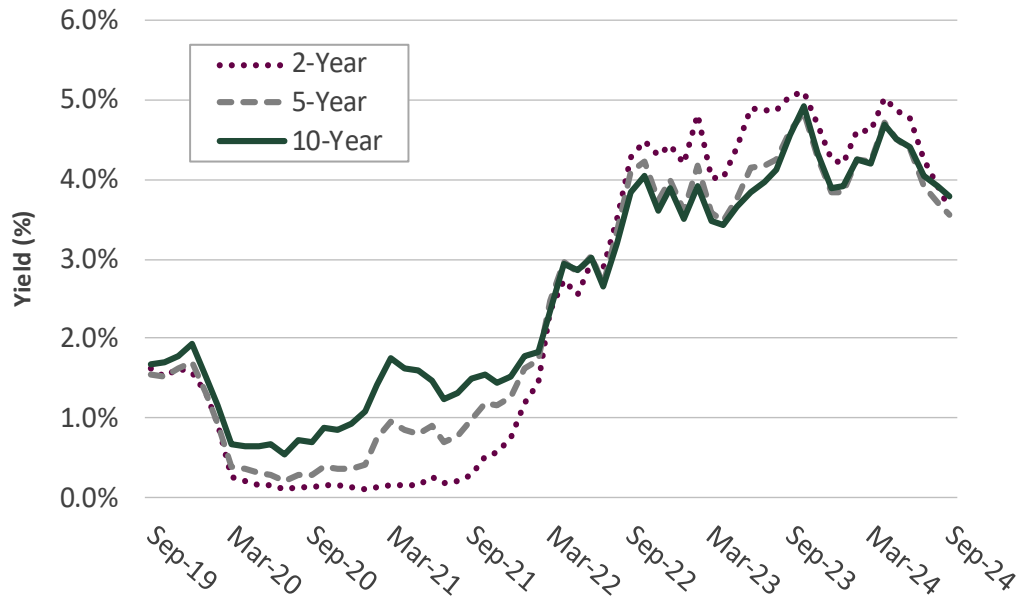
Effective Federal Funds Rate



Source: Bloomberg

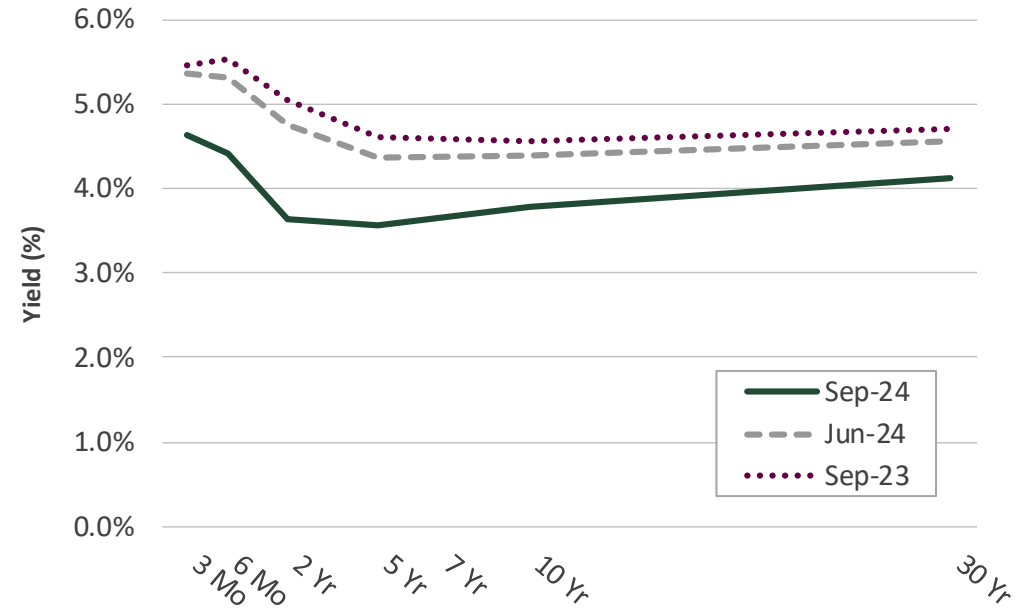
The Federal Open Market Committee (FOMC) delivered the first rate cut of the easing cycle at the September meeting. Although a reduction in the Fed Funds Rate was widely anticipated, the magnitude was somewhat of a surprise, as market participants were split between whether the FOMC would cut by 25 basis points or 50 basis points. Chair Jerome Powell reiterated previous statements acknowledging that monetary policy has shifted into a more balanced approach addressing price stability and full employment in tandem. The Fed released the quarterly Summary of Economic Projections (SEP) which now forecasts a substantially lower median Fed Funds Rate expectation among Fed Governors in 2025 to 3.1 – 3.6%. 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 \$1.8T to approximately \$7.1T.

## US Treasury Note Yields



Source: Bloomberg

## US Treasury Yield Curve



Source: Bloomberg

At the end of September, the 2-year Treasury yield was 140 basis points lower, and the 10-Year Treasury yield was 79 basis points lower, year-over-year. The 2-year and 10-year Treasury yield points on the curve began to normalize to +14 basis points at September month-end versus -2 basis points at August month-end. The yield curve inversion which began in July 2022 was historically long. The average historical spread (since 2003) is about +110 basis points. The inversion between 3-month and 10-year Treasuries tightened to -85 basis points in September from -121 basis points in August.

## ACCOUNT PROFILE

---



## STATEMENT OF COMPLIANCE

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

Rules Name	Limit	Actual	Compliance Status	Notes
<b>AGENCY MORTGAGE SECURITIES (CMOS)</b>				
Max % (MV)	100.0	12.7	Compliant	
Max % Issuer (MV)	25.0	12.7	Compliant	
Max Maturity (Years)	10.0	8.2	Compliant	
<b>ASSET-BACKED SECURITIES (ABS)</b>				
Max % (MV; Non Agency ABS & MBS)	20.0	5.1	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	26.2	Compliant	

## STATEMENT OF COMPLIANCE

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

Rules Name	Limit	Actual	Compliance Status	Notes
Max % Issuer (MV)	5.0	1.5	Compliant	
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	15.6	Compliant	
Max % Issuer (MV)	25.0	6.4	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	0.2	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	1.2	Compliant	
Max % Issuer (MV)	5.0	0.7	Compliant	

## STATEMENT OF COMPLIANCE

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

Rules Name	Limit	Actual	Compliance Status	Notes
Max Maturity (Years)	10	7	Compliant	
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	34.1	Compliant	
Max Maturity (Years)	10	8	Compliant	

PORTFOLIO CHARACTERISTICS



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

	Benchmark*	9/30/2024 Portfolio	6/30/2024 Portfolio
Average Maturity (yrs)	3.90	4.21	4.14
Average Modified Duration	3.54	3.62	3.59
Average Purchase Yield		3.00%	2.85%
Average Market Yield	3.66%	3.91%	4.79%
Average Quality**	AA+	AA	AA
Total Market Value		271,569,668	260,974,780

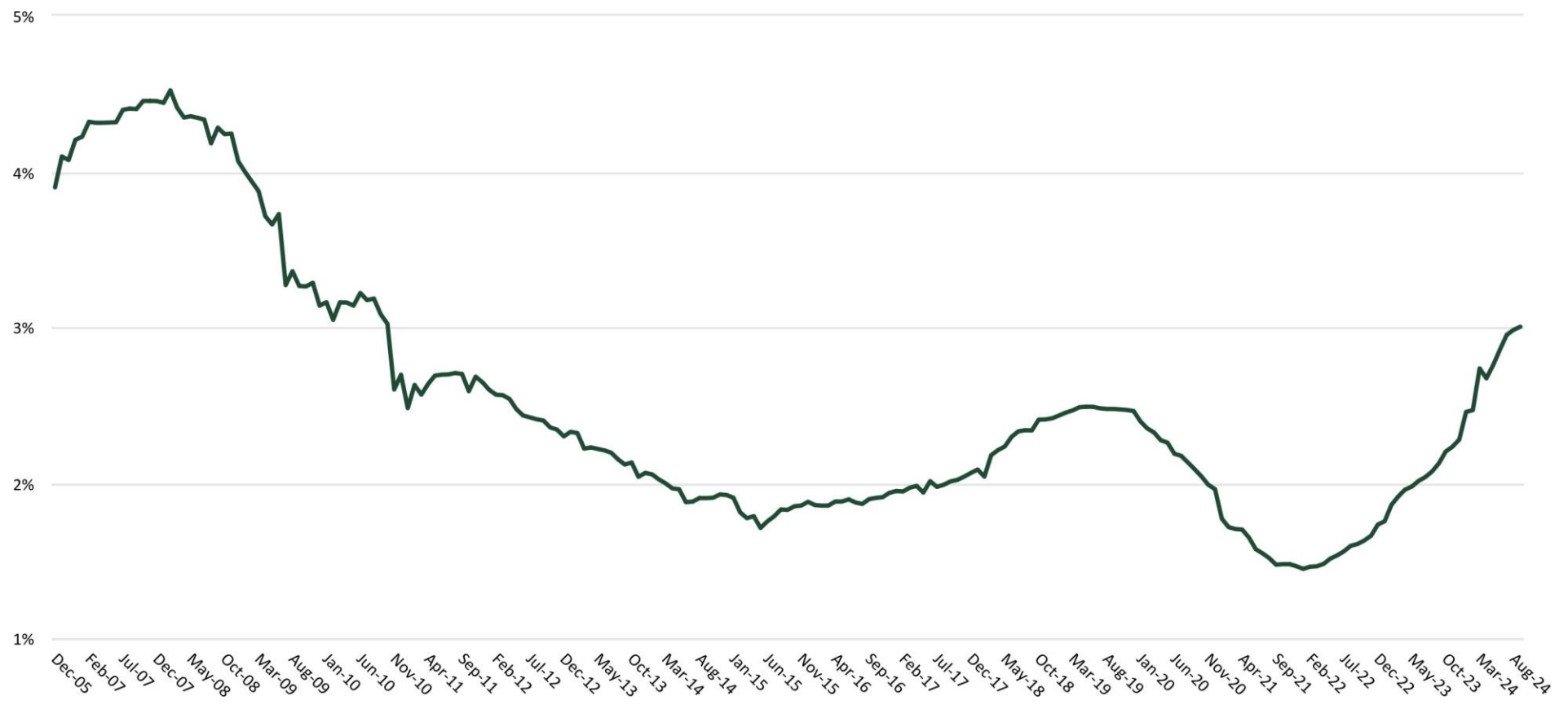
\*Benchmark: ICE BofA 1-10 Year Unsubordinated US Treasury & Agency Index  
\*\*The credit quality is a weighted average calculation of the highest of S&P, Moody's and Fitch.

HISTORICAL AVERAGE PURCHASE YIELD



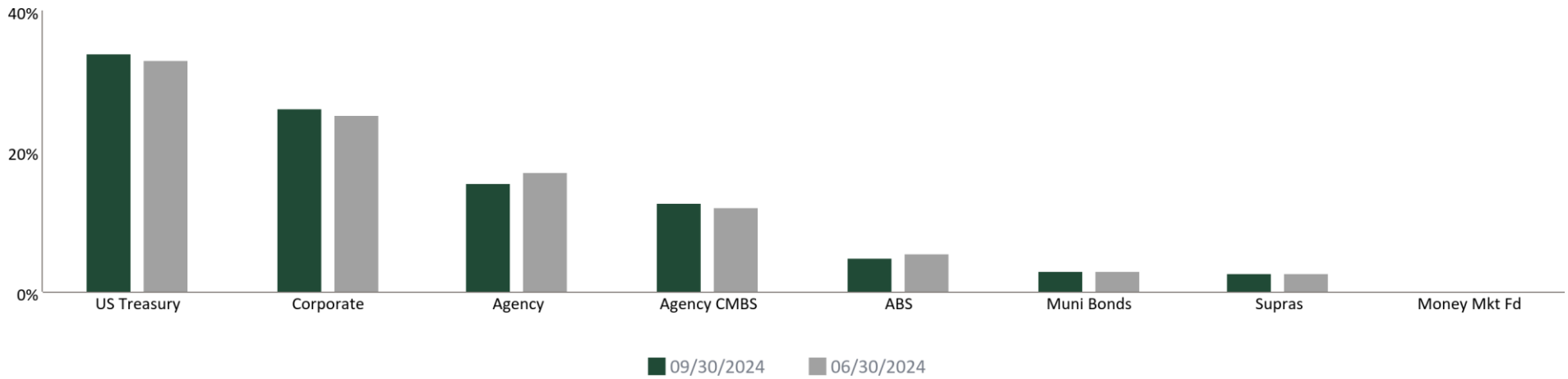
Western Municipal Water District | Account #250 | As of September 30, 2024

Purchase Yield as of 09/30/24 = 3.00%



## SECTOR DISTRIBUTION

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



### Sector as a Percentage of Market Value

Sector	09/30/2024	06/30/2024
US Treasury	34.08%	33.09%
Corporate	26.25%	25.39%
Agency	15.57%	17.06%
Agency CMBS	12.73%	12.29%
ABS	5.10%	5.63%
Muni Bonds	3.20%	3.21%
Supras	2.87%	2.92%
Money Mkt Fd	0.19%	0.40%

## ISSUERS

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

Issuer	Investment Type	% Portfolio
United States	US Treasury	34.08%
FHLMC	Agency CMBS	12.73%
Federal Home Loan Banks	Agency	6.39%
FNMA	Agency	4.37%
FHLMC	Agency	2.92%
State of California	Muni Bonds	1.97%
American Express Credit Master Trust	ABS	1.50%
Guardian Life Global Funding	Corporate	1.49%
Inter-American Development Bank	Supras	1.48%
International Bank for Recon and Dev	Supras	1.39%
Deere & Company	Corporate	1.33%
The Toronto-Dominion Bank	Corporate	1.19%
Toyota Motor Corporation	Corporate	1.18%
New York Life Insurance Company	Corporate	1.15%
Amazon.com, Inc.	Corporate	1.13%
Bank of America Corporation	Corporate	1.08%
John Deere Owner Trust	ABS	1.03%
Massachusetts Mutual Life Insurance	Corporate	0.97%
Farm Credit System	Agency	0.97%
Caterpillar Inc.	Corporate	0.96%
Prologis, Inc.	Corporate	0.94%
Realty Income Corporation	Corporate	0.94%
PACCAR Inc	Corporate	0.92%
Tennessee Valley Authority	Agency	0.91%
PepsiCo, Inc.	Corporate	0.91%
Northwestern Mutual Global Funding	Corporate	0.87%
Chubb Limited	Corporate	0.87%
Hyundai Auto Receivables Trust	ABS	0.83%
NextEra Energy, Inc.	Corporate	0.77%
The Home Depot, Inc.	Corporate	0.76%

## ISSUERS

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

Issuer	Investment Type	% Portfolio
Berkshire Hathaway Inc.	Corporate	0.74%
Public Service Enterprise Group Inco	Corporate	0.73%
Duke Energy Corporation	Corporate	0.73%
The Charles Schwab Corporation	Corporate	0.73%
Dominion Energy, Inc.	Corporate	0.71%
Bank of Montreal	Corporate	0.70%
GM Financial Automobile Leasing Trus	ABS	0.69%
Eli Lilly and Company	Corporate	0.67%
State Of Georgia	Muni Bonds	0.65%
Metropolitan Life Global Funding I	Corporate	0.61%
State of Texas	Muni Bonds	0.58%
Honeywell International Inc.	Corporate	0.57%
BNY Mellon Corp	Corporate	0.55%
JPMorgan Chase & Co.	Corporate	0.54%
Bank of America Credit Card Trust	ABS	0.50%
Met Tower Global Funding	Corporate	0.42%
Royal Bank of Canada	Corporate	0.35%
Northern Trust Corporation	Corporate	0.35%
GM Financial Securitized Term	ABS	0.28%
Walmart Inc.	Corporate	0.19%
First American Govt Oblig fund	Money Mkt Fd	0.19%
UnitedHealth Group Incorporated	Corporate	0.18%
BMW Vehicle Owner Trust	ABS	0.13%
Honda Auto Receivables Owner Trust	ABS	0.07%
Toyota Auto Receivables Owner Trust	ABS	0.07%
Cash	Cash	0.00%
<b>TOTAL</b>		<b>100.00%</b>

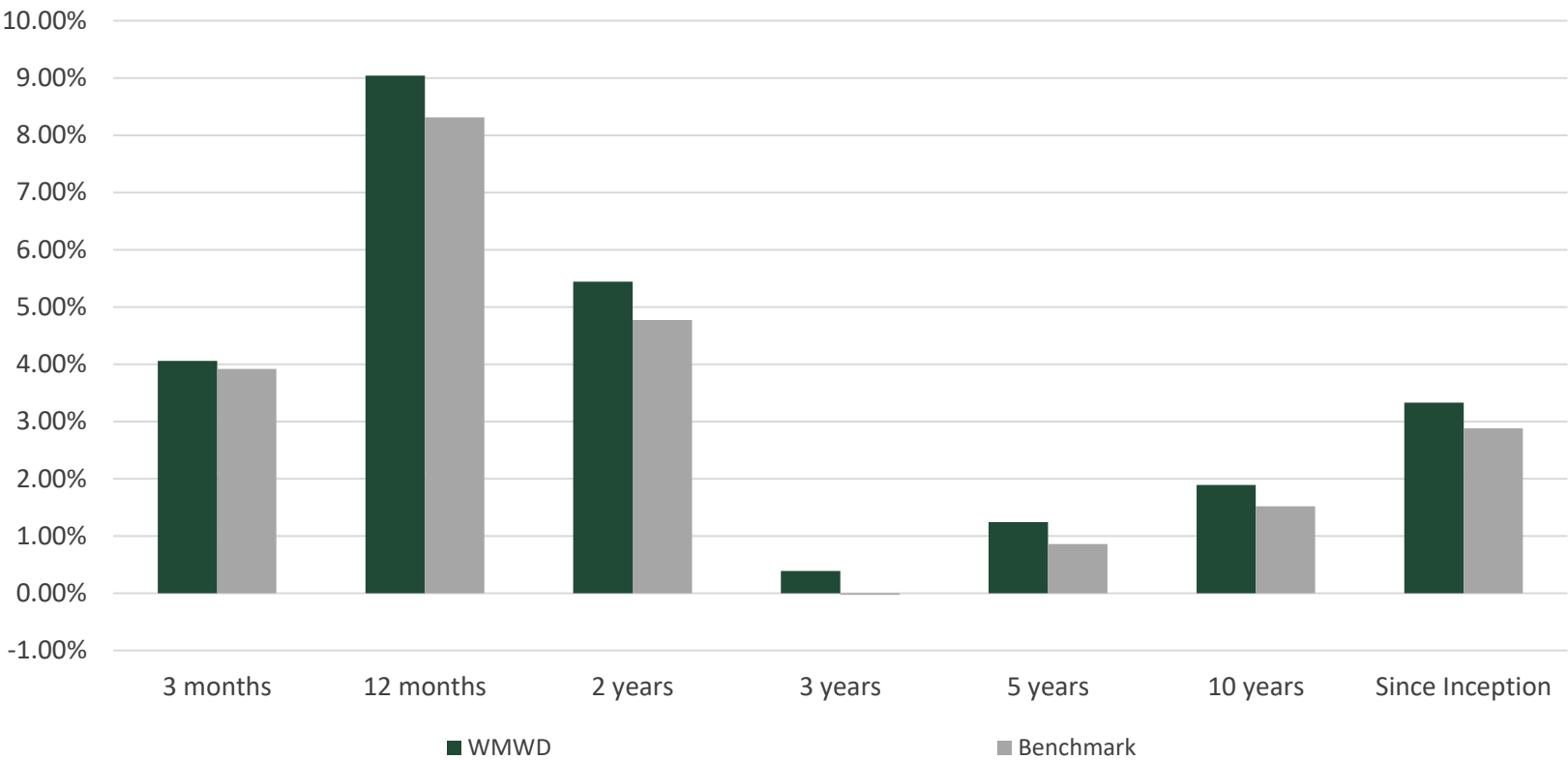


INVESTMENT PERFORMANCE



Western Municipal Water District | Account #250 | As of September 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	4.06%	9.04%	5.44%	0.39%	1.24%	1.89%	3.33%
Benchmark	3.92%	8.31%	4.77%	(0.03%)	0.86%	1.52%	2.88%

\*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

---

Western Municipal Water District VEBA Account | As of September 30, 2024

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

**Chandler Team:**

For questions about your account, please call (800) 317-4747,  
or contact [clientservice@chandlerasset.com](mailto:clientservice@chandlerasset.com)

# STATEMENT OF COMPLIANCE



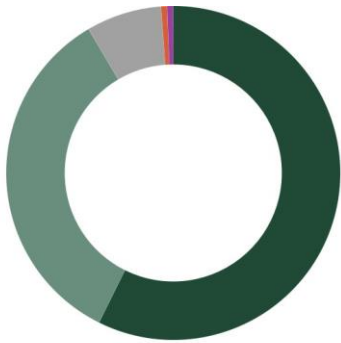
Western Municipal Water District VEBA Account | Account #254 | As of September 30, 2024

Rules Name	Limit	Actual	Compliance Status	Notes
<b>CASH EQUIVALENTS</b>				
Max % (MV)	10.0	0.6	Compliant	
Min % (MV)	0.0	0.6	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	27.5	Compliant	
Min % (MV)	15.0	27.5	Compliant	
<b>DOMESTIC EQUITIES</b>				
Max % (MV)	75.0	41.6	Compliant	
Min % (MV)	20.0	41.6	Compliant	
<b>FIXED INCOME</b>				
Max % (MV)	75.0	32.5	Compliant	
Min % (MV)	25.0	32.5	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	15.7	Compliant	
Min % (MV)	5.0	15.7	Compliant	
<b>INTERNATIONAL REAL ESTATE</b>				
Max % (MV)	10.0	1.6	Compliant	
Min % (MV)	0.0	1.6	Compliant	
<b>US REAL ESTATE</b>				
Max % (MV)	25.0	5.7	Compliant	
Min % (MV)	0.0	5.7	Compliant	

# CURRENT ASSET ALLOCATION

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

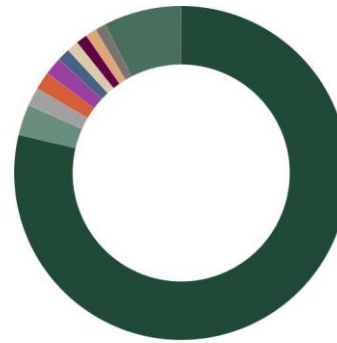
## Asset Allocation



Equity **57.34%**  
Real Estate (REIT) **7.29%**  
Commodities **0.57%**  
Bonds **34.20%**  
Cash **0.59%**

	Market Value	% Held
Equity	13,946,928.00	57.34%
Bonds	8,319,184.00	34.20%
Real Estate (REIT)	1,774,015.20	7.29%
Cash	143,714.60	0.59%
Commodities	139,440.00	0.57%
Total	24,323,281.80	100.00%

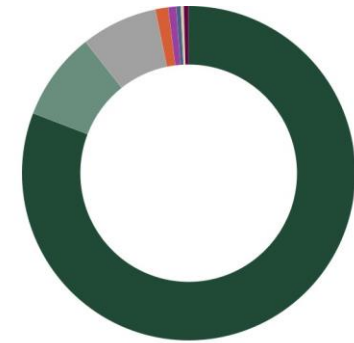
## Country Allocation



United States **78.68%**  
Canada **1.80%**  
China **1.73%**  
Germany **1.13%**  
France **1.07%**  
Other **7.54%**  
Japan **2.98%**  
United Kingdom **1.73%**  
India **1.25%**  
Australia **1.08%**  
Taiwan **1.01%**

Country	Region	% held
United States	North America	78.68%
Japan	Asia	2.98%
Canada	North America	1.80%
United Kingdom	Europe	1.73%
China	Asia	1.73%
India	Asia	1.25%
Germany	Europe	1.13%
Australia	Australia	1.08%
France	Europe	1.07%
Taiwan	Asia	1.01%
Other	Various	7.54%
Total		100.00%

## Regional Allocation



North America **80.84%**  
Western Europe **7.39%**  
Africa / Middle East **0.76%**  
Eastern Europe **0.29%**  
Asia Pacific **8.56%**  
Central Asia **1.25%**  
South & Central America **0.44%**  
Other **0.47%**

Region	% held
North America	80.84%
Asia Pacific	8.56%
Western Europe	7.39%
Central Asia	1.25%
Africa / Middle East	0.76%
South & Central America	0.44%
Eastern Europe	0.29%
Other	0.47%
Total	100.00%

## CHANGE IN PORTFOLIO HOLDINGS DETAIL

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

	September 30, 2024		June 30, 2024		Change	
	Market Value	% Held	Market Value	% Held	Market Value	% Held
<b>BONDS</b>						
Core Bonds	6,684,790.00	27.48%	6,340,400.00	27.74%	344,390.00	(0.26)
Intl Bonds	402,240.00	1.65%	389,360.00	1.70%	12,880.00	(0.05)
US Bonds	1,232,154.00	5.07%	1,140,667.00	4.99%	91,487.00	0.07%
<b>Total Bonds</b>	<b>8,319,184.00</b>	<b>34.20%</b>	<b>7,870,427.00</b>	<b>34.44%</b>	<b>448,757.00</b>	<b>(0.23)</b>
<b>CASH</b>						
Cash	19,640.77	0.08%	24,303.84	0.11%	(4,663.07)	(0.03)
Money Mkt Fd	124,073.83	0.51%	195,170.72	0.85%	(71,096.89)	(0.34)
<b>Total Cash</b>	<b>143,714.60</b>	<b>0.59%</b>	<b>219,474.56</b>	<b>0.96%</b>	<b>(75,759.96)</b>	<b>(0.37)</b>
<b>COMMODITIES</b>						
Commodities	139,440.00	0.57%	147,076.00	0.64%	(7,636.00)	(0.07)
<b>Total Commodities</b>	<b>139,440.00</b>	<b>0.57%</b>	<b>147,076.00</b>	<b>0.64%</b>	<b>(7,636.00)</b>	<b>(0.07)</b>
<b>EQUITY</b>						
Intl Equity	2,582,409.00	10.62%	2,416,638.00	10.57%	165,771.00	0.04%
Small Cap	2,443,263.00	10.04%	2,289,420.00	10.02%	153,843.00	0.03%
Mid Cap	3,754,780.00	15.44%	3,525,830.00	15.43%	228,950.00	0.01%
Large Cap	3,922,376.00	16.13%	3,721,164.00	16.28%	201,212.00	(0.16)
Emrging Mkts	1,244,100.00	5.11%	1,137,760.00	4.98%	106,340.00	0.14%
<b>Total Equity</b>	<b>13,946,928.00</b>	<b>57.34%</b>	<b>13,090,812.00</b>	<b>57.28%</b>	<b>856,116.00</b>	<b>0.06%</b>
<b>REAL ESTATE (REIT)</b>						
Intl RE	380,909.20	1.57%	329,428.40	1.44%	51,480.80	0.12%
Real Estate	1,393,106.00	5.73%	1,197,768.00	5.24%	195,338.00	0.49%

# CHANGE IN PORTFOLIO HOLDINGS DETAIL



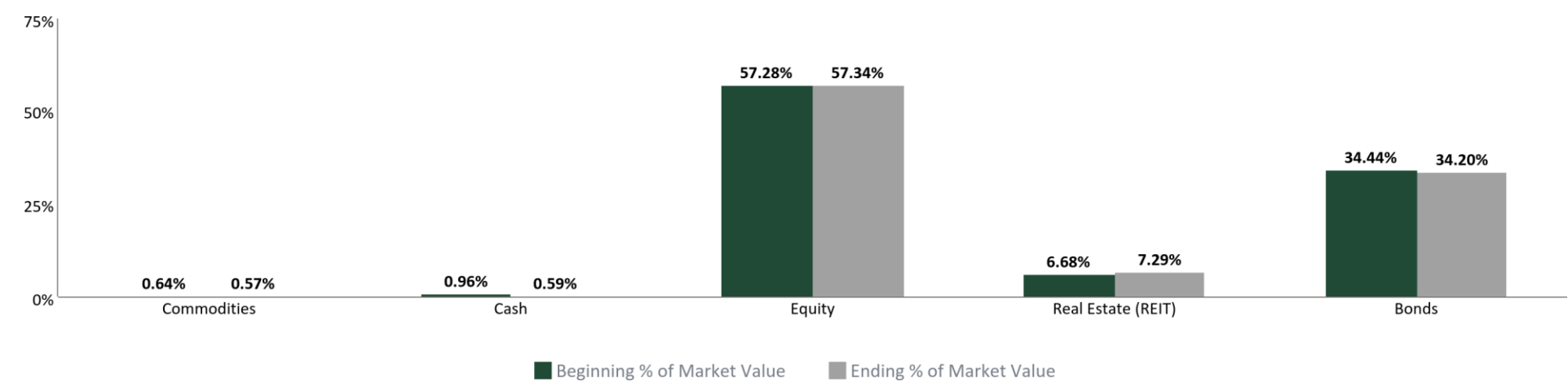
Western Municipal Water District VEBA Account | Account #254 | As of September 30, 2024

	September 30, 2024		June 30, 2024		Change	
	Market Value	% Held	Market Value	% Held	Market Value	% Held
Total Real Estate (REIT)	1,774,015.20	7.29%	1,527,196.40	6.68%	246,818.80	0.61%
TOTAL PORTFOLIO	24,323,281.80	100.00%	22,854,985.96	100.00%	1,468,295.84	(0.00)

# CHANGE IN PORTFOLIO HOLDINGS



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



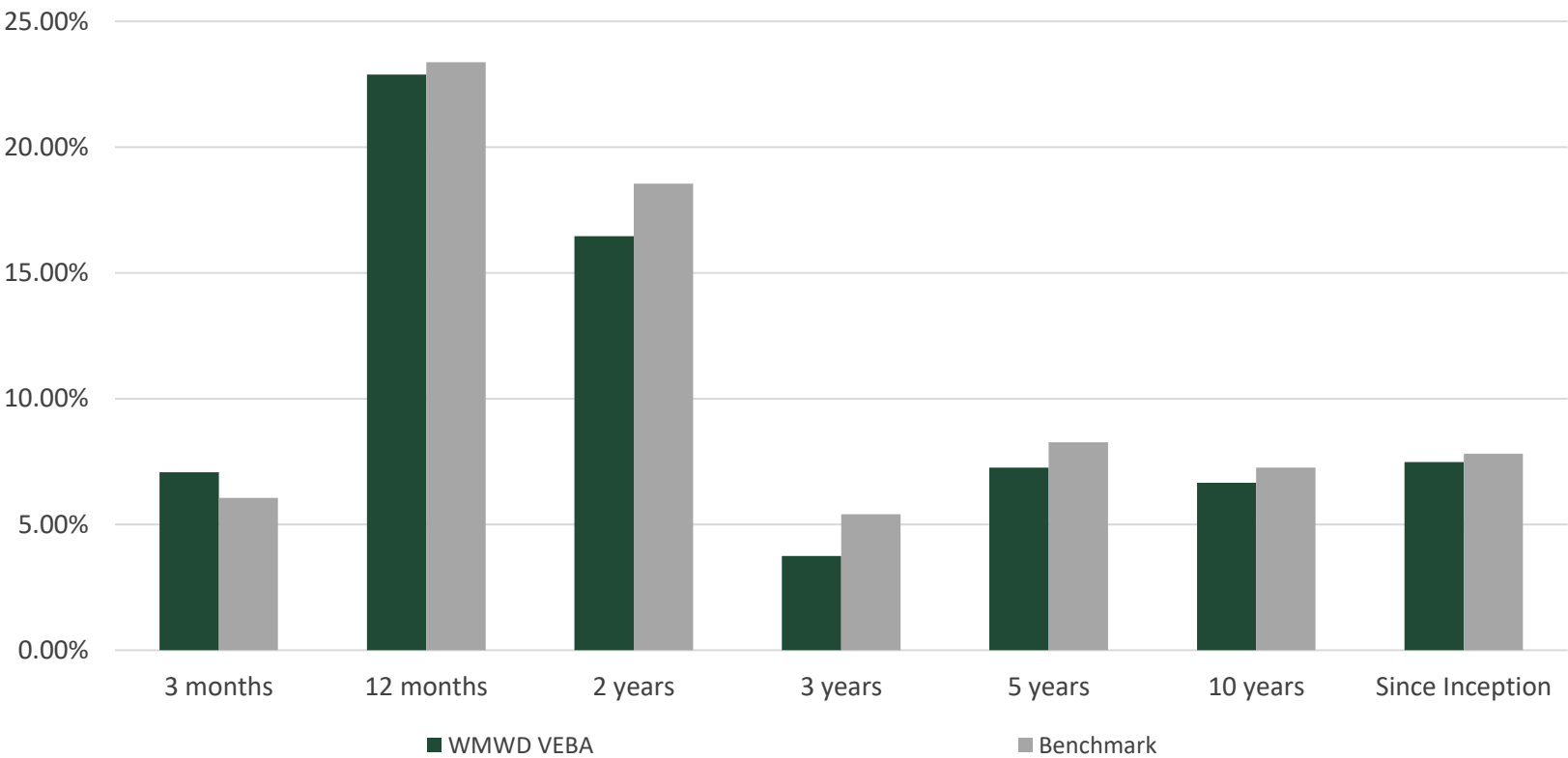
	September 30, 2024		June 30, 2024		Change	
	Market Value	% Held	Market Value	% Held	Market Value	% Held
Commodities	139,440.00	0.57%	147,076.00	0.64%	(7,636.00)	(0.07)
Cash	143,714.60	0.59%	219,474.56	0.96%	(75,759.96)	(0.37)
Equity	13,946,928.00	57.34%	13,090,812.00	57.28%	856,116.00	0.06%
Real Estate (REIT)	1,774,015.20	7.29%	1,527,196.40	6.68%	246,818.80	0.61%
Bonds	8,319,184.00	34.20%	7,870,427.00	34.44%	448,757.00	(0.23)

INVESTMENT PERFORMANCE



Western Municipal Water District VEBA Account | Account #254 | As of September 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	7.08%	22.89%	16.46%	3.75%	7.26%	6.66%	7.48%
Benchmark	6.06%	23.37%	18.55%	5.40%	8.26%	7.26%	7.81%

\*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.