Exhibit A
Investment Portfolio Review
Quarter Ending December 31, 2022

OVERVIEW

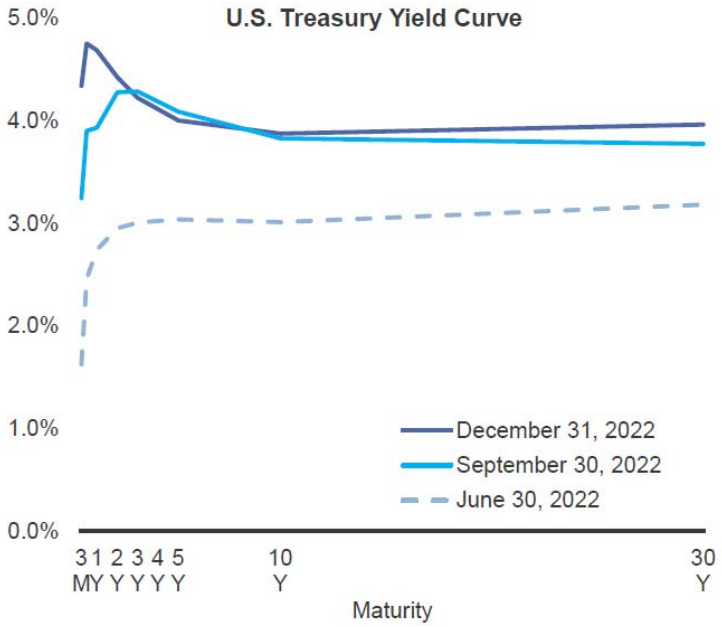
October 1, 2022 – December 31, 2022
The U.S. economy during this period was characterized by strong labor market conditions as well as growth in consumer spending and business investments, which were primary contributing factors to mitigate the impacts of a possible recession. Inflation remained elevated during the quarter; however, Consumer Price Index (CPI) has moderated for five consecutive months from the June peak of 9.1% to the November reading of 7.1%. Interest rates on securities with maturities under 2-years saw the biggest increases during the quarter, while 3-to 5-year maturities fell slightly, and longer-maturities rose modestly. The yield curve remained near historically negative levels of inversion at year end.

On December 14, 2022, the Federal Open Market Committee (FOMC) voted to raise the Federal Funds target rate by 50 basis points (0.50%) to a new range of 4.25% to 4.50%, which was a modest down shift following four consecutive 75 basis point (0.75%) increases. Rapid decreases in personal consumption may have caused the Federal Reserve to ratchet back its tightening plans.

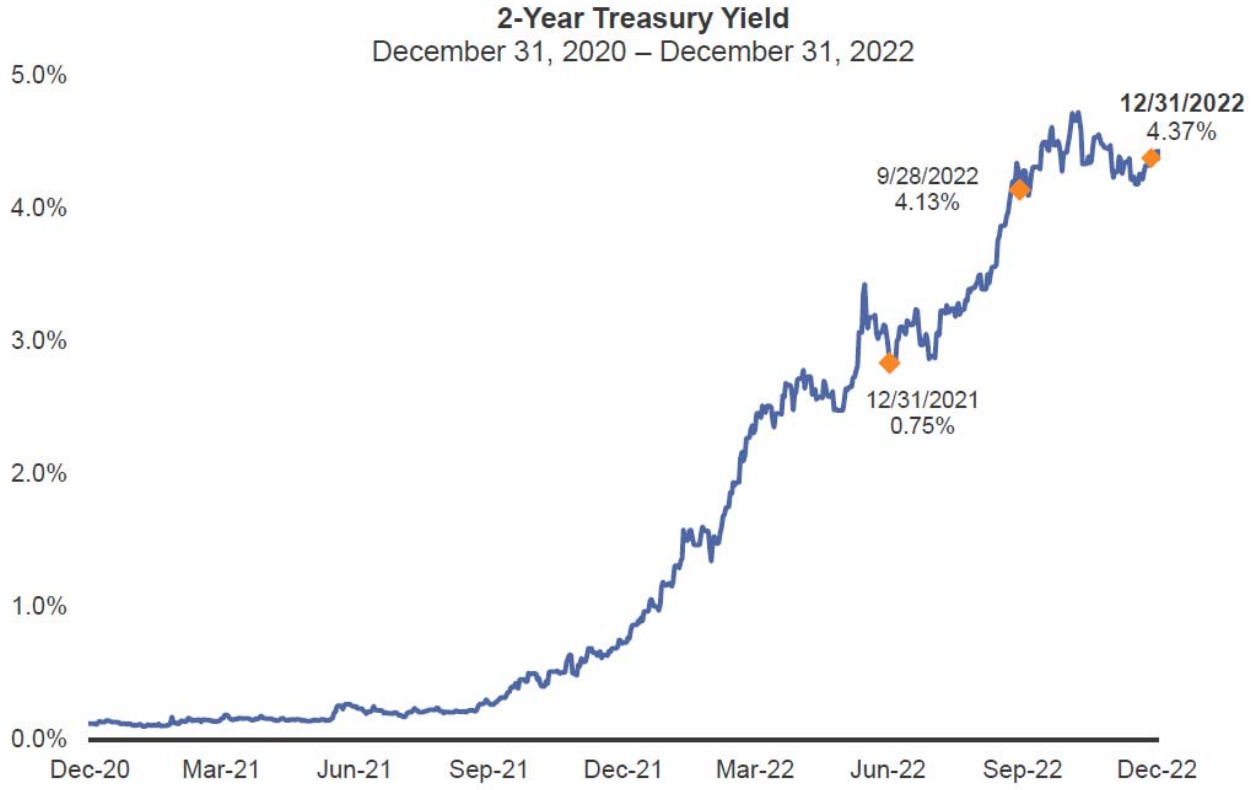
U.S. TREASURY YIELD CURVE

- Teasury Yield Curve inversion remained steep, with interest rates on securities with maturities under two years seeing the biggest increases during the quarter.

	12/31/22	09/30/22	Change
3-month	4.34%	3.25%	+1.10%
1-year	4.69%	3.93%	+0.75%
2-year	4.37%	4.28%	+0.09%
3-year	4.22%	4.29%	-0.06%
5-year	4.00%	4.09%	-0.09%
10-year	3.87%	3.83%	+0.05%
30-year	3.96%	3.78%	+0.19%



- The 2-year Treasury yield increased to 4.37% at the end of the quarter.



PORTFOLIO STRATEGY

Monterey County Treasury investments continue to focus on capturing relative value while remaining cautious. The following indicators reflect key aspects of the investment portfolio in light of the above noted conditions:

1. Market Access – During the quarter, investment purchases for the portfolio included Corporate Notes, U.S. Treasury Notes, Commercial Paper, Municipal Bonds, and Asset Backed Securities. The Treasurer continues to maintain an adequate level of liquid assets to ensure the ability to meet all cash flow needs.

2. Diversification - The Monterey County Treasurer's portfolio consists of 297 separate fixed income investments, all of which are authorized by the State of California Government Code 53601 and the Investment Policy.

   The portfolio asset allocations are detailed in the table below:

Portfolio Asset Composition								
Corporate Notes	Negotiable CDs	Overnight Liquid Assets	U.S. Treasuries	Federal Agencies	Commercial Paper	Supra-nationals	Municipal Bonds	Asset Backed Securities
16.6%	3.5%	22.6%	36.2%	16.1%	2.8%	2.0%	<0.1%	<0.1%

- Total may not equal 100% due to rounding

3. Credit Risk – Approximately 81.2% of the investment portfolio is comprised of U.S. Treasuries, Federal Agency securities, Negotiable CDs, and other liquid funds. All assets have a better than investment grade rating. U.S. Treasuries are not specifically rated, but are considered the safest of all investments. Most corporate debt (16.6%) is rated in the higher levels of investment grade and all Federal Agency and Municipal holdings are rated AA- or higher. The Supranationals (2.0%) are rated AAA. The credit quality of the Treasurer's portfolio continues to be high.

   The portfolio credit composition is detailed in the table below:

	Portfolio Credit Composition							
AAA	AAAm	AA	A	A-1 (Short Term)	Aaf/S1+ (CalTRUST)	BBB+ (split rated)	LAIF (not rated)	Not Rated by S&P
2%	14%	57%	11%	6%	9%	1%	<1%	<1%

- Total may not equal 100% due to rounding

4. Liquidity Risk – Liquidity risk, as measured by the ability of the County Treasury to meet withdrawal demands on invested assets, was actively managed during the October - December quarter. The portfolio's weighted average maturity was 441 days, and the Treasurer maintained $649 million (22%) invested in overnight investments and $775 million (26%) in securities with maturities of one day to one year to provide immediate liquidity to be able to react quickly to unanticipated needs or opportunities in the current market environment.

PORTFOLIO CHARACTERISTICS

	September 30, 2022	December 31, 2022
Total Assets	$2,479,457,264	$2,951,545,544
Market Value	$2,382,359,729	$2,847,146,415
Days to Maturity	450	441
Yield	1.06%	1.78%
Estimated Earnings	$6,528,970	$11,952,629

The Treasury continues to strategically invest matured assets while accounting for potential liquidity needs. As market conditions continue to evolve, the portfolio will be actively managed under the established tenets of safety and liquidity while seeking to maximize the total rate of return.