

Exhibit A

Investment Portfolio Review

Quarter Ending December 31, 2021

OVERVIEW

October 1, 2021 – December 31, 2021

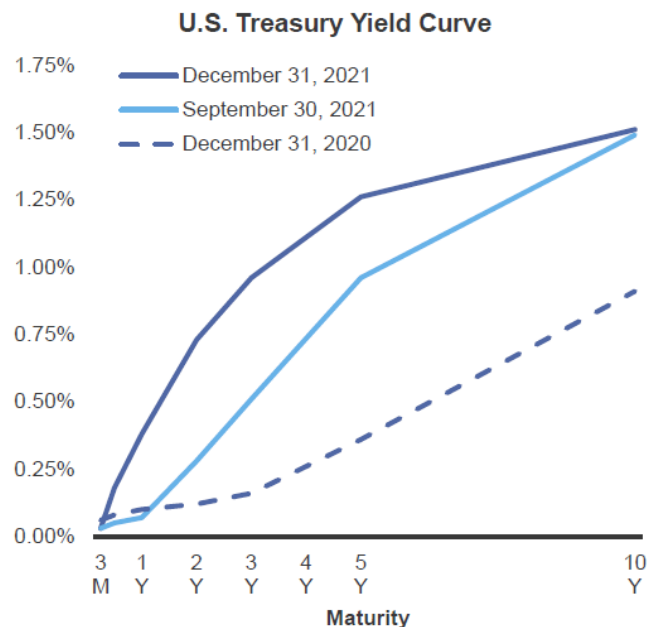
The U.S. economy during this period was characterized by the following factors: significant increase in COVID-19 cases with the emergence of the Omicron variant, high inflation and consumer confidence rebounds, and the Federal Reserve doubling its pace of tapering plus planning its interest rate liftoff earlier than first signaled.

The Federal Open Market Committee (FOMC) support began diminishing. While the Federal Funds Target Rate remained at 0%-0.25%, the Federal Reserve’s large-scale asset purchases began to taper.

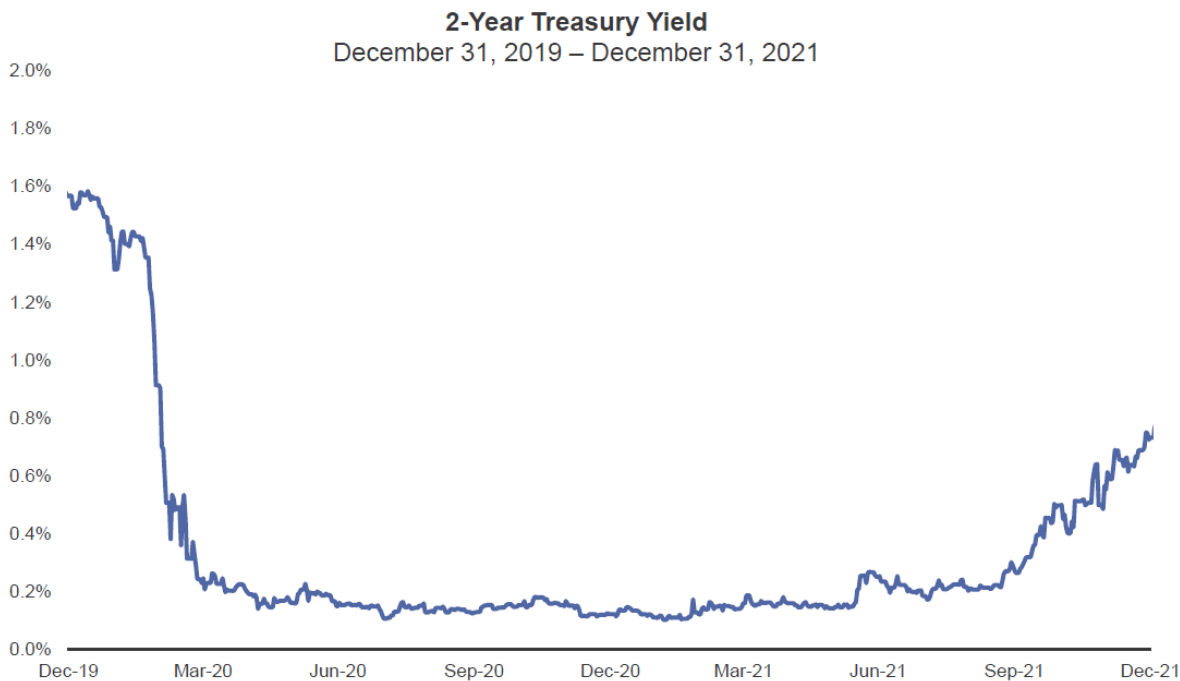
U.S. TREASURY YIELD CURVE

- The U.S. Treasury yield curve steepened significantly during the quarter as yields on maturities of five years and under moved higher due to expectations on the timing of Federal Reserve interest rate increases.
- Yields on maturities of one to five years moved higher to 30 to 45 basis points (0.30%-0.45%), while longer dated maturities held steady or moved lower.

	12/31/21	9/30/21	Change
3-month	0.03%	0.03%	-
1-year	0.38%	0.07%	+0.31
2-year	0.73%	0.28%	+0.45%
3-year	0.96%	0.51%	+0.45%
5-year	1.26%	0.96%	+0.30%
10-year	1.51%	1.49%	+0.02%
30-year	1.90%	2.04%	-0.14%



- The 2-year Treasury yield increased significantly during 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 225 separate fixed income investments, all of which are authorized by the State of California Government Code 53601 and the Investment Policy.

The portfolio asset spread is 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
9.9%	2.4%	25.8%	37.5%	14.8%	7.2%	2.4%	<0.1%	<0.1%

- Total may not equal 100% due to rounding

3. Credit Risk – Approximately 87.7% 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. All corporate debt (9.9%) is rated in the higher levels of investment grade and all Federal Agency and Municipal holdings are rated A+ or higher. The Supranationals (2.4%) 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%	16%	54%	7%	10%	6%	2%	3%	<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 average weighted maturity was 503 days, and the Treasurer maintained \$635.9 million (26%) invested in overnight investments and \$489.6 million (20%) 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 environment.

PORTFOLIO CHARACTERISTICS

	September 30, 2021	December 31, 2021
Total Assets	\$2,129,066,305.90	\$2,473,716,071.02
Market Value	\$2,140,839,223.96	\$2,471,600,788.14
Days to Maturity	571	503
Yield	0.57%	0.42%
Estimated Earnings	\$2,945,448.07	\$2,371,429.71

Given the volatile market environment related to the COVID-19 Pandemic, the Treasury continues strategically investing matured assets while accounting for potential liquidity needs. As market conditions evolve, the portfolio is well positioned for interest rate increases and will continue to be actively managed under the established tenets of safety and liquidity while seeking to maximize the total rate of return.