**Exhibit A**
**Investment Portfolio Review**
**Quarter Ending March 31, 2024**

## OVERVIEW

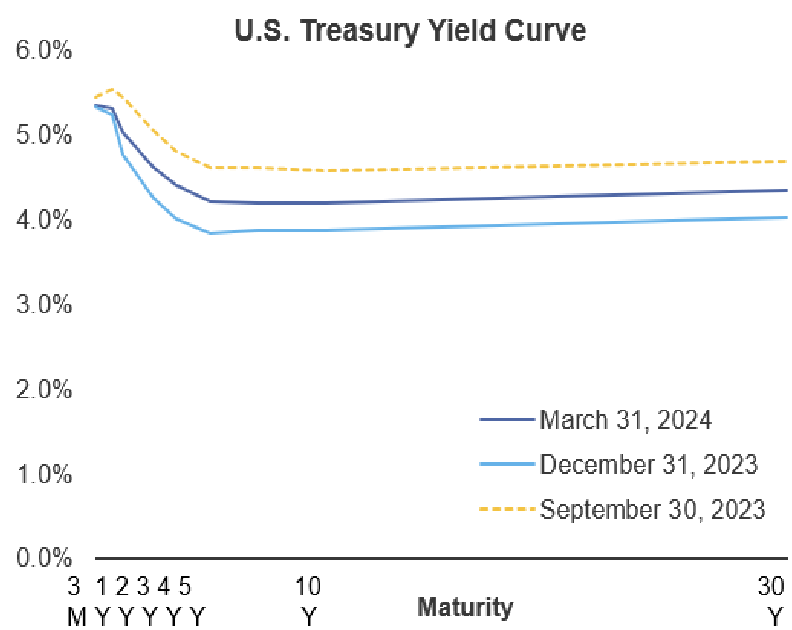
January 1, 2024 – March 31, 2024
Inflation continued to moderate, but the pace has slowed. Core inflation (which excludes food and energy costs) remained above the Federal Reserve's 2% target. The latest reading of core Consumer Price Index (CPI) was 3.8%, for the 12 months ending February. The labor market remained resilient, with strong job gains and wage growth exceeding inflation. During the quarter, 829,000 jobs were added, and the unemployment rate was 3.8% as of March 31, 2024. Gross Domestic Product (GDP) for the quarter ended December 31, 2023, the latest available data, showed the U.S. economy grew 3.4%, on an annualized basis. Consumer spending continued to support growth. The current estimates of GDP for the quarter ended March 31, 2024, are around 2.8%.

The Federal Reserve Market Committee (FOMC) kept the target range unchanged at its March meeting. The FOMC's dot plot updated March 20, 2024, shows three rate cuts in 2024, the same as was shown in the December dot plot. Three rate cuts would bring the federal funds target rate to a range of 4.50%-4.75%. Market expectations are now more closely aligned to FOMC forecasts, three or four total cuts in 2024 are expected, which is down from the five or six originally priced in for this year. Federal funds futures now show the earliest likely interest rate cut could occur in July.

## U.S. TREASURY YIELD CURVE

- After falling at the end of 2023, yields moved higher during the first calendar quarter of 2024, as the market's expectation of rate cuts changed to a higher for longer outlook.

| | 3/31/24 | 12/31/23 | Change |
|---|---|---|---|
| 3-month | 5.36% | 5.33% | +0.03% |
| 1-year | 5.02% | 4.76% | +0.26% |
| 2-year | 4.62% | 4.25% | +0.37% |
| 3-year | 4.41% | 4.01% | +0.40% |
| 5-year | 4.21% | 3.85% | +0.36% |
| 10-year | 4.20% | 3.88% | +0.32% |
| 30-year | 4.34% | 4.03% | +0.31% |



- The 2-year Treasury increased by 0.37% during the quarter.


## PORTFOLIO STRATEGY

The County of Monterey Treasury maintains a well-diversified portfolio across sectors and issuers while maintaining a high credit quality of the portfolio and closely monitoring corporate holdings. Four indicators reflect the key aspects of the investment portfolio:

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

2. Diversification – The County of Monterey Treasurer's portfolio consists of 317 separate fixed income investments, all of which are authorized by the State of California Government Code 53601 and the Investment Policy.

   The portfolio assets are allocated between overnight vehicles and the long-term portfolio as 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 |
| 22.5% | 3.8% | 19% | 34.6% | 11.1% | 8.4% | 0.5% | <0.1% | <0.1% |

- Total may not equal 100% due to rounding

3. Credit Risk – Approximately 76.9% of the investment portfolio is comprised of U.S. Treasuries, Federal Agencies, Negotiable CDs, and other liquid funds. All assets have a better than investment grade rating. U.S. Treasuries are considered the safest of all investments. Most corporate debt (22.5%) is rated in the higher levels of investment grade and all Federal Agency and Municipal holdings are rated AA- or higher. The Supranationals (0.5%) 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) |
| 1% | 10% | 52% | 15% | 12% | 8% | 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 January - March quarter. The portfolio's weighted average maturity was 392 days, and the Treasurer maintained $638 million (20%) invested in overnight investments and $1.2 billion (38%) 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

| | December 31, 2023 | March 31, 2024 |
|---|---|---|
| Total Assets | $3,275,888,842 | $3,260,434,400 |
| Market Value | $3,210,378,916 | $3,195,541,575 |
| Days to Maturity | 398 | 392 |
| Yield | 3.54% | 3.83% |
| Estimated Earnings | $26,882,589 | $29,954,216 |

The Treasury continues to strategically invest matured assets while accounting for potential liquidity needs. Opportunities are actively evaluated to safely add value to the County's portfolio while maintaining a strong sense of safety and risk management.