



● **Treasurer's Monthly Report**

Summary

The attached Treasurer's monthly report, as required by Section 5114 of the Metropolitan Administrative Code, provides Metropolitan's investments, as well as portfolio compliance with Metropolitan's Statement of Investment Policy and investment programs.

Attachments

Attachment 1: Portfolio Performance Report – March 2012

Attachment 2: Portfolio Summary Report – March 2012

Attachment 3: Summary Report of Investment & Cash Activity – March 2012

Attachment 4: Duration Report – March 2012



MWD

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Date: April 9, 2012
To: Finance and Insurance Committee
From: Gary Breaux, Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report March 2012

This letter transmits a summary report of investments, cash balances and performance report with total return, and duration comparisons for the end of the current month. A detailed report of investments is filed each month with the Executive Secretary. These reports are required by Section 5114 of the MWD Administrative Code. All of the investments comply with Chapter 5101 of the MWD Administrative Code and the Investment Policy dated June 14, 2011. Metropolitan has sufficient liquidity to pay for the next six months of expenditures.

As of March 31, 2012, Metropolitan posted \$23.56 million in federal agency securities as collateral with Morgan Stanley, pursuant to various swap agreements. During March, Metropolitan also posted collateral with JP Morgan, pursuant to various swap agreements. However, as of March 31, 2012 no collateral was posted with JP Morgan.

Gary Breaux

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Attachments

Attachment 1
The Metropolitan Water District of Southern California (MWD)
Portfolio Performance Report
March 31, 2012

		Market Value		Duration		Monthly Return		Annualized Monthly Return		Annualized Return *Inception-to-Date	
		(\$ in Thousands)		MWD	Benchmark	MWD	Benchmark	MWD	Benchmark	MWD	Benchmark
Short-Term	(1)	\$	583,120	0.29	0.24	(0.02%)	0.01%	(0.25%)	0.13%	2.56%	1.91%
Long-Term	(2)		319,988	2.85	2.67	(0.06%)	(0.08%)	(0.72%)	(0.92%)	4.62%	4.04%
Total Core Funds		\$	903,108								
Other Funds	(3)		127,402	6.95		(1.04%)		(11.80%)		9.15%	
Total		\$	<u>1,030,510</u>								

(1) The Short-Term Portfolio Benchmark is the Merrill Lynch, Three Month Treasury Bill Index.

(2) The Long-Term Portfolio Benchmark is the Merrill Lynch, Corporate and Government, 1 to 5 years, A Rated and Higher Index.

(3) Debt Service Reserve Funds and Lake Mathews Trust.

* Inception Date 5/01/2002

Attachment 2
Portfolio Summary Report
March 31, 2012

(\$ in Thousands)

<u>Securities</u>		<u>Credit Quality</u>	<u>Market Value</u>	<u>Book Value</u>	<u>Percent of Portfolio Market Value</u>	<u>Investment Policy Limits</u>
United States Treasuries	(1,2)	"AAA"	\$ 202,234	\$ 194,739	19.62%	100%
Gov't National Mtge Assoc.	(1)	"AAA"	14	12	0.00%	100%
Federal Agencies	(2,3)	"AAA"	398,680	396,106	38.69%	100%
Repurchase Agreements	(4)	"AAA"	-	-	0.00%	50%
Bankers' Acceptances		"F1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	105,813	105,819	10.27%	25%
Negotiable Certificates of Deposit		"F1 or higher"	45,195	45,195	4.39%	30%
Time Deposits		"F1 or better"	-	-	0.00%	N/A
Shares of Beneficial Interest		"AAA"	313	313	0.03%	20%
California Local Agency Investment Fund			50,000	50,000	4.85%	N/A
Medium Term Notes	(5)	"A or higher"	101,089	99,611	9.81%	30%
Asset & Mortgage-Backed Securities		"AAA"	44,857	44,768	4.35%	20%
Municipals	(6)	"A or higher"	82,315	79,251	7.99%	30%
Total Portfolio			\$ 1,030,510	\$ 1,015,814	100.00%	

- (1) Securities have an explicit United States Government guarantee.
- (2) United States Treasuries and Federal Agencies are rated 'AAA' by two nationally recognized rating agencies and 'AA+' by one nationally recognized rating agency.
- (3) As of March 31, 2012, Metropolitan posted \$23.56 million in federal agency securities as collateral with Morgan Staley, pursuant to various swap agreements.
- (4) Repurchase agreements can only be executed with primary dealers and collateral consists of Treasuries and/or Federal Agencies with maturities under 5 years.
- (5) Please see attachment 2a for medium term notes that are rated less than A.
- (6) \$25.591 million (market value) of the municipal bond portfolio was rated AAA.

Portfolio Summary Report
Attachment 2a
March 31, 2012
(\$ in Thousands)

Credit Ratings Moody's S&P		Medium Term Notes	Maturity Date	Market Value	Book Value
Baa1	A-	Bank of America 6.5%	8/1/2016	\$ 1,099	\$ 1,058
Baa1	A-	Merrill Lynch Corporation 5.0%	1/15/2015	\$ 2,086	\$ 2,029
				\$ 3,185	\$ 3,087

Attachment 3
Summary Report of Investment & Cash Activity
March 31, 2012

(Shown at Book Value and \$ in Thousands)

	Beginning Balance	Purchases	Sales	Maturities	Ending Balance
United States Treasuries	\$ 194,628	\$ 9,028	\$ 8,917	\$ -	\$ 194,739
Gov't National Mtge Assoc.	12	-	-	-	12
Federal Agencies	(1) 550,363	129,473	282,980	750	396,106
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	-	-	-	-	-
Commercial Paper	38,944	672,190	-	605,315	105,819
Negotiable Certificates of Deposit	-	62,070	-	16,875	45,195
Time Deposits	-	-	-	-	-
Shares of Beneficial Interest	384	1,059	1,130	-	313
California Local Agency Investment Fund	50,000	-	-	-	50,000
Medium Term Notes	87,436	29,992	6	17,811	99,611
Asset & Mortgage-Backed Securities	44,512	936	680	-	44,768
Municipals	79,137	114	-	-	79,251
Subtotals	\$ 1,045,416	\$ 904,862	\$ 293,713	\$ 640,751	\$ 1,015,814
	Beginning Balance	Deposits		Withdrawals	Ending Balance
Cash					
Demand Accounts	\$ 1,922	-		225	1,697
Petty Cash	5				5
Overnight Investment	-				-
Subtotals	\$ 1,927	\$ -	\$ -	\$ 225	\$ 1,702
Total	\$ 1,047,343	\$ 904,862	\$ 293,713	\$ 640,976	\$ 1,017,516

(1) As of March 31, 2012, Metropolitan posted \$23.56 million in federal agency securities as collateral with Morgan Staley, pursuant to various swap agreements.

Attachment 4
Duration Report
March 31, 2012

(\$ in Thousands)

Securities Available for Metropolitan's Self-Liquidity Program	Market Value	Duration (1)
US Treasury Bills	\$ -	-
US Treasury Notes	139,207	1.572
US Treasury Strips	13,553	14.242
Federal Agency Coupons	311,330	0.761
Federal Agency Strips	7,021	4.374
Federal Agency Discount Notes	18,472	0.002
Shares of Beneficial Interest	289	0.000
California Local Agency Investment Fund	46,179	0.000
Commercial Paper	97,727	0.013
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	41,741	0.016
Medium Term Notes	93,247	1.747
Municipals	328	0.085
Gov't National Mtge Assoc.	13	5.031
Asset Backed	-	-
Mortgage Backed	41,429	3.693
Total	\$ 810,536	
Weighted Average Duration		1.231

- (1) Duration is a measure of the sensitivity in the price of a bond to changes in interest rates, so it is a measure of risk in a fixed income portfolio. As a rule of thumb, a fixed income portfolio with a duration of 5 (years) will decline 5% in value for every 1% upward movement in comparable interest rates.