THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Report

Office of the CFO

- ***Treasurer's Monthly Report***

Summary

The attached Treasurer's monthly report provides Metropolitan's investments, as well as portfolio compliance with Metropolitan's Statement of Investment Policy and investment programs.

Purpose

Administrative Code Requirement Section 5114

Attachments

Attachment 1:	Portfolio Performance Report – July 2013
Attachment 2 & 2a:	Portfolio Summary Report – July 2013
Attachment 3:	Summary Report of Investment & Cash Activity – July 2013
Attachment 4:	Duration Report – July 2013

Date of Report: 8/19/2013

THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: August 19, 2013

To: Finance and Insurance Committee

From: Gary Breaux, Assistant General Manager/Chief Financial Officer

Subject: Treasurer's Monthly Report July 2013

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 10, 2013. Metropolitan has sufficient liquidity to pay for the next six months of expenditures.

As of July 31, 2013, Metropolitan posted $5.869 million in federal agency securities as collateral with Morgan Stanley, pursuant to various swap agreements.

Gary Breaux

GB/mt

Attachments

Attachment 1

The Metropolitan Water District of Southern California (MWD)
Portfolio Performance Report
July 31, 2013

		Market Value ($ in Thousands)	Duration		Monthly Return		Annualized Monthly Return		Annualized Return *Inception-to-Date	
			MWD	Benchmark	MWD	Benchmark	MWD	Benchmark	MWD	Benchmark
Short-Term	(1)	$ 615,632	0.24	0.23	0.03%	0.01%	0.40%	0.10%	2.25%	1.70%
Long-Term	(2)	325,570	2.81	2.72	0.14%	0.31%	1.68%	3.76%	4.20%	3.67%
Total Core Funds		$ 941,202								
Other Funds	(3)	125,842	7.41		(0.29%)		(3.41%)		8.20%	
Total		$ 1,067,044								

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

July 31, 2013

($ in Thousands)

Securities		Credit Quality	Market Value	Book Value	Percent of Portfolio Market Value	Investment Policy Limits
United States Treasuries	(1,2)	"AAA"	$ 217,452	$ 212,505	20.38%	100%
Gov't National Mtge Assoc.	(1)	"AAA"	11	9	0.00%	100%
Federal Agencies	(2,3)	"AAA"	369,010	374,056	34.58%	100%
Repurchase Agreements	(4)	"AAA"	-	-	0.00%	50%
Bankers' Acceptances		"F1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	145,953	145,959	13.68%	25%
Negotiable Certificates of Deposit		"F1 or higher"	51,998	52,000	4.87%	30%
Time Deposits		"F1 or better"	-	-	0.00%	N/A
Shares of Beneficial Interest		"AAA"	1,073	1,073	0.10%	20%
California Local Agency Investment Fund			50,000	50,000	4.69%	N/A
Medium Term Notes	(6)	"A or higher"	81,871	81,540	7.67%	30%
Asset & Mortgage-Backed Securities		"AAA"	65,287	65,629	6.12%	20%
Municipals	(5)	"A or higher"	84,389	81,423	7.91%	30%
Total Portfolio			$ 1,067,044	$ 1,064,194	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 July 31, 2013, Metropolitan posted $5.869 million in federal agency securities as collateral with Morgan Stanley, 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) $19.14 million (market value) of the municipal bond portfolio was rated AAA.

(6) Please see attachment 2a for medium term notes that are rated less than A.

Portfolio Summary Report
Attachment 2a
July 31, 2013
($ in Thousands)

Credit Ratings Moody's	Credit Ratings S&P	Medium Term Notes	Maturity Date	Market Value	Book Value
A3	BBB+	Hartford Life Inst - Float	8/15/2013	1,000	999
A3	BBB+	Hartford Life Global - Float	6/16/2014	1,224	1,208
				$ 2,224	$ 2,207

Attachment 3

Summary Report of Investment & Cash Activity

July 31, 2013

(Shown at Book Value and $ in Thousands)

		Beginning Balance	Purchases	Sales	Maturities	Ending Balance
United States Treasuries		$ 210,391	$ 49,312	$ 9,964	$ 37,234	$ 212,505
Gov't National Mtge Assoc.		9	-	-	-	9
Federal Agencies	(1)	453,729	85,202	162,065	2,810	374,056
Repurchase Agreements		-	-	-	-	-
Bankers' Acceptances		116	-	-	116	-
Commercial Paper		174,184	375,965	-	404,190	145,959
Negotiable Certificates of Deposit		168,915	45,499	-	162,414	52,000
Time Deposits		-	-	-	-	-
Shares of Beneficial Interest		409	6,609	5,945	-	1,073
California Local Agency Investment Fund		46,415	3,585	-	-	50,000
Medium Term Notes		98,230	9,291	3,381	22,600	81,540
Asset & Mortgage-Backed Securities		66,541	3	915	-	65,629
Municipals		98,510	13,078	30,065	100	81,423
Subtotals		**$ 1,317,449**	**$ 588,544**	**$ 212,335**	**$ 629,464**	**$ 1,064,194**

Cash	Beginning Balance	Deposits	Withdrawals	Ending Balance
Demand Accounts	$ 136	42		178
Petty Cash & Payroll	15			15
Overnight Investment	-			-
Subtotals	**$ 151**	**$ 42**	**$ -**	**$ 193**
Total	**$ 1,317,600**	**$ 588,586**	**$ 212,335**	**$ 629,464**	**$ 1,064,387**

(1) As of July 31, 2013, Metropolitan posted $5.869 million in federal agency securities as collateral with Morgan Stanley, pursuant to various swap agreements.

Attachment 4
Duration Report
July 31, 2013

($ in Thousands)

Securities Available for Metropolitan's Self-Liquidity Program	Market Value	Duration (1)
US Treasury Bills	$ 31,874	0.153
US Treasury Notes	119,458	2.181
US Treasury Strips	11,868	12.234
Federal Agency Coupons	279,557	0.507
Federal Agency Strips	5,865	3.877
Federal Agency Discount Notes	26,486	0.006
Shares of Beneficial Interest	946	0.000
California Local Agency Investment Fund	44,082	0.000
Commercial Paper	128,323	0.054
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	45,844	0.067
Medium Term Notes	72,064	2.029
Municipals	-	-
Gov't National Mtge Assoc.	9	4.700
Asset Backed	-	-
Mortgage Backed	57,560	3.723
Total	$ 823,936	
Weighted Average Duration		1.148

(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.