



- 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

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



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: December 9, 2013
To: Finance and Insurance Committee
From: Gary Breaux, Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report November 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 November 30, 2013, Metropolitan posted \$6.638 million in federal agency securities as collateral with Morgan Stanley, pursuant to various swap agreements.

A handwritten signature in blue ink, appearing to read "Gary Breaux".

Gary Breaux

GB/mt

Attachments

Attachment 1
The Metropolitan Water District of Southern California (MWD)
Portfolio Performance Report
November 30, 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)	\$ 817,438	0.21	0.24	(0.03%)	0.01%	(0.30%)	0.07%	2.23%	1.65%
Long-Term	(2)	327,749	2.77	2.71	0.03%	0.16%	0.32%	1.88%	4.13%	3.64%
Total Core Funds		\$ 1,145,187								
Other Funds	(3)	127,387	7.48		(0.43%)		(5.01%)		7.99%	
Total		<u>\$ 1,272,574</u>								

(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
November 30, 2013

(\$ 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"	\$ 216,433	\$ 211,378	17.01%	100%
Gov't National Mtge Assoc.	(1)	"AAA"	10	8	0.00%	100%
Federal Agencies	(2,3)	"AAA"	340,951	344,817	26.79%	100%
Repurchase Agreements	(4)	"AAA"	-	-	0.00%	50%
Bankers' Acceptances		"F1 or higher"	1,159	1,159	0.09%	40%
Commercial Paper		"A1/P1 or higher"	217,972	217,977	17.13%	25%
Negotiable Certificates of Deposit		"F1 or higher"	192,255	192,252	15.11%	30%
Time Deposits		"F1 or better"	-	-	0.00%	N/A
Shares of Beneficial Interest		"AAA"	210	210	0.02%	20%
California Local Agency Investment Fund			50,000	50,000	3.93%	N/A
Medium Term Notes		"A or higher"	103,729	103,237	8.15%	30%
Asset & Mortgage-Backed Securities		"AAA"	64,057	64,030	5.03%	20%
Municipals	(5)	"A or higher"	85,798	82,276	6.74%	30%
Total Portfolio			<u>\$ 1,272,574</u>	<u>\$ 1,267,344</u>	<u>100.00%</u>	

- (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 November 30, 2013, Metropolitan posted \$6.638 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) \$18.907 million (market value) of the municipal bond portfolio was rated AAA.

Attachment 3
Summary Report of Investment & Cash Activity
November 30, 2013

(Shown at Book Value and \$ in Thousands)

	Beginning Balance	Purchases	Sales	Maturities	Ending Balance
United States Treasuries	\$ 211,970	\$ 12,154	\$ 12,746	\$ -	\$ 211,378
Gov't National Mtge Assoc.	9	-	-	1	8
Federal Agencies	(1) 364,510	31,715	34,914	16,494	344,817
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	7,821	838	-	7,500	1,159
Commercial Paper	180,819	387,984	-	350,826	217,977
Negotiable Certificates of Deposit	138,649	125,751	-	72,148	192,252
Time Deposits	-	-	-	-	-
Shares of Beneficial Interest	571	6,095	6,456	-	210
California Local Agency Investment Fund	50,000	957	957	-	50,000
Medium Term Notes	75,459	41,219	8,015	5,426	103,237
Asset & Mortgage-Backed Securities	63,107	1,443	520	-	64,030
Municipals	81,682	4,531	3,937	-	82,276
Subtotals	\$ 1,174,597	\$ 612,687	\$ 67,545	\$ 452,395	\$ 1,267,344
	Beginning Balance	Deposits		Withdrawals	Ending Balance
Cash					
Demand Accounts	\$ 161			34	127
Petty Cash & Payroll	15				15
Overnight Investment	-				-
Subtotals	\$ 176	\$ -	\$ -	\$ 34	\$ 142
Total	\$ 1,174,773	\$ 612,687	\$ 67,545	\$ 452,429	\$ 1,267,486

(1) As of November 30, 2013, Metropolitan posted \$6.638 million in federal agency securities as collateral with Morgan Stanley, pursuant to various swap agreements.

Attachment 4
Duration Report
November 30, 2013

(\$ in Thousands)

Securities Available for Metropolitan's Self-Liquidity Program	Market Value	Duration (1)
US Treasury Bills	\$ 270	0.183
US Treasury Notes	158,538	1.767
US Treasury Strips	11,208	10.755
Federal Agency Coupons	276,037	0.480
Federal Agency Strips	6,220	3.550
Federal Agency Discount Notes	18,500	0.205
Shares of Beneficial Interest	194	0.000
California Local Agency Investment Fund	46,206	0.000
Commercial Paper	201,203	0.085
Bankers' Acceptances	1,071	0.099
Negotiable Certificates of Deposit	177,668	0.069
Medium Term Notes	95,339	1.956
Municipals	-	-
Gov't National Mtge Assoc.	9	6.711
Asset Backed	-	-
Mortgage Backed	59,197	3.746
Total	\$ 1,051,660	
Weighted Average Duration		0.948

- (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.