



- 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 – October 2014 |
| Attachment 2: | Portfolio Summary Report – October 2014 |
| Attachment 3: | Summary Report of Investment & Cash Activity – October 2014 |
| Attachment 4: | Duration Report – October 2014 |



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: November 17, 2014
To: Finance and Insurance Committee
From: Gary Breaux, Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report October 2014

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, 2014. Metropolitan has sufficient liquidity to pay for the next six months of expenditures.

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
October 31, 2014

		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)	\$ 956,464	0.24	0.24	0.09%	0.00%	1.07%	0.01%	2.15%	1.53%
Long-Term	(2)	332,301	2.80	2.70	0.45%	0.47%	5.54%	5.84%	3.95%	3.45%
Total Core Funds		\$ 1,288,765								
Other Funds	(3)	87,997	7.56		0.70%		8.69%		8.48%	
Total		<u>\$ 1,376,762</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
October 31, 2014

(\$ 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"	\$ 237,210	\$ 231,916	17.23%	100%
Gov't National Mtge Assoc.	(1)	"AAA"	8	7	0.00%	100%
Federal Agencies	(2)	"AAA"	201,852	202,400	14.66%	100%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	50%
Bankers' Acceptances		"F1 or higher"	1,855	1,855	0.13%	40%
Commercial Paper		"A1/P1 or higher"	213,177	213,175	15.48%	25%
Negotiable Certificates of Deposit		"F1 or higher"	323,138	323,142	23.47%	30%
Time Deposits		"F1 or better"	-	-	0.00%	N/A
Shares of Beneficial Interest		"AAA"	344	344	0.03%	20%
California Local Agency Investment Fund			50,000	50,000	3.63%	N/A
Medium Term Notes		"A or higher"	222,359	222,120	16.15%	30%
Asset & Mortgage-Backed Securities		"AAA"	68,366	68,327	4.97%	20%
Municipals	(4)	"A or higher"	58,453	53,130	4.25%	30%
Total Portfolio			<u>\$ 1,376,762</u>	<u>\$ 1,366,416</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) Repurchase agreements can only be executed with primary dealers and collateral consists of Treasuries and/or Federal Agencies with maturities under 5 years.
- (4) \$11.24 million (market value) of the municipal bond portfolio was rated AAA.

Attachment 3
Summary Report of Investment & Cash Activity
October 31, 2014

(Shown at Book Value and \$ in Thousands)

	Beginning Balance	Purchases	Sales	Maturities	Ending Balance
United States Treasuries	\$ 229,528	\$ 19,358	\$ 16,970	\$ -	\$ 231,916
Gov't National Mtge Assoc.	7	-	-	-	7
Federal Agencies	201,175	29,277	10,473	17,579	202,400
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	967	998	-	110	1,855
Commercial Paper	230,426	432,550	-	449,801	213,175
Negotiable Certificates of Deposit	354,923	71,919	-	103,700	323,142
Time Deposits	-	-	-	-	-
Shares of Beneficial Interest	1,038	3,083	3,777	-	344
California Local Agency Investment Fund	50,000	332	332	-	50,000
Medium Term Notes	174,110	75,175	1,107	26,058	222,120
Asset & Mortgage-Backed Securities	68,786	1,259	1,718	-	68,327
Municipals	53,073	57	-	-	53,130
Subtotals	\$ 1,364,033	\$ 634,008	\$ 34,377	\$ 597,248	\$ 1,366,416
	Beginning Balance	Deposits		Withdrawals	Ending Balance
Cash					
Demand Accounts	\$ 12,727			12,601	126
Petty Cash & Payroll	15				15
Overnight Investment	-				-
Subtotals	\$ 12,742	\$ -	\$ -	\$ 12,601	\$ 141
Total	\$ 1,376,775	\$ 634,008	\$ 34,377	\$ 609,849	\$ 1,366,557

Attachment 4
Duration Report
October 31, 2014

(\$ in Thousands)

Securities Available for Metropolitan's Self-Liquidity Program	Market Value	Duration (1)
US Treasury Bills	\$ -	-
US Treasury Notes	183,988	2.040
US Treasury Strips	16,426	8.447
Federal Agency Coupons	158,438	0.532
Federal Agency Strips	4,854	0.342
Federal Agency Discount Notes	16,092	0.093
Shares of Beneficial Interest	318	0.000
California Local Agency Investment Fund	46,212	0.000
Commercial Paper	197,026	0.115
Bankers' Acceptances	1,714	0.073
Negotiable Certificates of Deposit	298,657	0.193
Medium Term Notes	203,961	0.977
Municipals	246	0.082
Gov't National Mtge Assoc.	7	6.081
Asset Backed	-	-
Mortgage Backed	63,187	2.979
Total	<u>\$ 1,191,126</u>	
 Weighted Average Duration		 0.898

- (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.