



## ● Treasurer's Monthly Report

### Summary

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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

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Administrative Code Requirement Section 5114

### Attachments

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|---------------|--|
| Attachment 1: | Portfolio Performance Report – November 2014                 |
| Attachment 2: | Portfolio Summary Report – November 2014                     |
| Attachment 3: | Summary Report of Investment & Cash Activity – November 2014 |
| Attachment 4: | Duration Report – November 2014                              |



THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

**Date:** December 8, 2014  
**To:** Finance and Insurance Committee  
**From:** Gary Breaux, Assistant General Manager/Chief Financial Officer  
**Subject:** Treasurer's Monthly Report November 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  
November 30, 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) \$ 1,051,107	0.21	0.24	0.07%	0.00%	0.82%	0.01%	2.14%	1.52%
Long-Term	(2) 334,305	2.83	2.71	0.39%	0.33%	4.78%	4.02%	3.96%	3.45%
Total Core Funds	\$ 1,385,412								
Other Funds	(3) 88,158	7.49		0.36%		4.41%		8.52%	
Total	<u>\$ 1,473,570</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, 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"	\$ 259,733	\$ 253,552	17.63%	100%
Gov't National Mtge Assoc.	(1)	"AAA"	7	7	0.00%	100%
Federal Agencies	(2)	"AAA"	213,701	213,886	14.50%	100%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	50%
Bankers' Acceptances		"F1 or higher"	1,047	1,047	0.07%	40%
Commercial Paper		"A1/P1 or higher"	234,018	234,011	15.88%	25%
Negotiable Certificates of Deposit		"F1 or higher"	344,780	344,773	23.40%	30%
Time Deposits		"F1 or better"	-	-	0.00%	N/A
Shares of Beneficial Interest		"AAA"	863	863	0.07%	20%
California Local Agency Investment Fund			50,000	50,000	3.39%	N/A
Medium Term Notes		"A or higher"	242,876	242,485	16.48%	30%
Asset & Mortgage-Backed Securities		"AAA"	68,130	67,958	4.62%	20%
Municipals	(4)	"A or higher"	58,415	53,184	3.96%	30%
<b>Total Portfolio</b>			<b>\$ 1,473,570</b>	<b>\$ 1,461,766</b>	<b>100.00%</b>	

- (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) \$11.206 million (market value) of the municipal bond portfolio was rated AAA.

Attachment 3  
**Summary Report of Investment & Cash Activity**  
**November 30, 2014**

(Shown at Book Value and \$ in Thousands)

	Beginning Balance	Purchases	Sales	Maturities	Ending Balance
United States Treasuries	\$ 231,916	\$ 26,748	\$ 5,112	\$ -	\$ 253,552
Gov't National Mtge Assoc.	7	-	-	-	7
Federal Agencies	202,400	80,444	45,774	23,184	213,886
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	1,855	777	-	1,585	1,047
Commercial Paper	213,175	376,946	-	356,110	234,011
Negotiable Certificates of Deposit	323,142	106,451	-	84,820	344,773
Time Deposits	-	-	-	-	-
Shares of Beneficial Interest	344	520	1	-	863
California Local Agency Investment Fund	50,000	-	-	-	50,000
Medium Term Notes	222,120	63,029	4,211	38,453	242,485
Asset & Mortgage-Backed Securities	68,327	-	369	-	67,958
Municipals	53,130	54	-	-	53,184
<b>Subtotals</b>	<b>\$ 1,366,416</b>	<b>\$ 654,969</b>	<b>\$ 55,467</b>	<b>\$ 504,152</b>	<b>\$ 1,461,766</b>
	Beginning Balance	Deposits		Withdrawals	Ending Balance
<b>Cash</b>					
Demand Accounts	\$ 126	441		-	567
Petty Cash & Payroll	15				15
Overnight Investment	-				-
<b>Subtotals</b>	<b>\$ 141</b>	<b>\$ 441</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 582</b>
<b>Total</b>	<b>\$ 1,366,557</b>	<b>\$ 655,410</b>	<b>\$ 55,467</b>	<b>\$ 504,152</b>	<b>\$ 1,462,348</b>

Attachment 4  
**Duration Report**  
**November 30, 2014**

(\$ in Thousands)

<b>Securities Available for Metropolitan's Self-Liquidity Program</b>	<b>Market Value</b>	<b>Duration (1)</b>
US Treasury Bills	\$ -	-
US Treasury Notes	205,077	1.925
US Treasury Strips	16,929	8.617
Federal Agency Coupons	162,098	0.508
Federal Agency Strips	13,348	0.230
Federal Agency Discount Notes	15,699	0.078
Shares of Beneficial Interest	801	0.000
California Local Agency Investment Fund	46,415	0.000
Commercial Paper	217,239	0.110
Bankers' Acceptances	972	0.081
Negotiable Certificates of Deposit	320,060	0.164
Medium Term Notes	223,944	0.858
Municipals	246	0.000
Gov't National Mtge Assoc.	7	6.007
Asset Backed	-	-
Mortgage Backed	63,245	2.914
<b>Total</b>	<b>\$ 1,286,080</b>	
<b>Weighted Average Duration</b>		<b>0.840</b>

(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.