



- 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 – January 2015 |
| Attachment 2: | Portfolio Summary Report – January 2015 |
| Attachment 3: | Summary Report of Investment & Cash Activity – January 2015 |
| Attachment 4: | Duration Report – January 2015 |



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: February 9, 2015
To: Finance and Insurance Committee
From: Gary Breaux, Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report January 2015

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
January 31, 2015

		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)	\$ 1,133,285	0.23	0.22	0.12%	0.00%	1.47%	0.04%	2.12%	1.50%
Long-Term	(2)	337,030	2.71	2.66	1.07%	0.99%	13.57%	12.60%	3.98%	3.46%
Total Core Funds		\$ 1,470,315								
Other Funds	(3)	90,040	7.43		2.17%		29.40%		8.67%	
Total		<u>\$ 1,560,355</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
January 31, 2015

(\$ 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"	\$ 245,876	\$ 238,951	15.76%	100%
Gov't National Mtge Assoc.	(1)	"AAA"	7	6	0.00%	100%
Federal Agencies	(2)	"AAA"	257,232	256,846	16.49%	100%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	50%
Bankers' Acceptances		"F1 or higher"	400	400	0.03%	40%
Commercial Paper		"A1/P1 or higher"	243,167	243,160	15.58%	25%
Negotiable Certificates of Deposit		"F1 or higher"	374,168	374,162	23.98%	30%
Time Deposits		"F1 or better"	-	-	0.00%	N/A
Shares of Beneficial Interest		"AAA"	767	767	0.05%	20%
California Local Agency Investment Fund			50,000	50,000	3.20%	N/A
Medium Term Notes		"A or higher"	270,103	269,492	17.31%	30%
Asset & Mortgage-Backed Securities		"AAA"	59,440	59,107	3.81%	20%
Municipals	(4)	"A or higher"	59,195	53,039	3.79%	30%
Total Portfolio			<u>\$ 1,560,355</u>	<u>\$ 1,545,930</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) \$11.054 million (market value) of the municipal bond portfolio was rated AAA.

Attachment 3
Summary Report of Investment & Cash Activity
January 31, 2015

(Shown at Book Value and \$ in Thousands)

	Beginning Balance	Purchases	Sales	Maturities	Ending Balance
United States Treasuries	\$ 239,273	\$ 38,586	\$ 28,908	\$ 10,000	\$ 238,951
Gov't National Mtge Assoc.	6	-	-	-	6
Federal Agencies	235,264	78,509	3,008	53,919	256,846
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	773	159	-	532	400
Commercial Paper	274,443	327,460	-	358,743	243,160
Negotiable Certificates of Deposit	378,872	85,485	-	90,195	374,162
Time Deposits	-	-	-	-	-
Shares of Beneficial Interest	741	5,203	5,177	-	767
California Local Agency Investment Fund	50,000	12,002	12,002	-	50,000
Medium Term Notes	282,299	65,333	6,910	71,230	269,492
Asset & Mortgage-Backed Securities	61,337	2,375	4,605	-	59,107
Municipals	52,979	60	-	-	53,039
Subtotals	\$ 1,575,987	\$ 615,172	\$ 60,610	\$ 584,619	\$ 1,545,930
	Beginning Balance	Deposits		Withdrawals	Ending Balance
Cash					
Demand Accounts	\$ 34	1,476			1,510
Petty Cash & Payroll	15				15
Overnight Investment	-				-
Subtotals	\$ 49	\$ 1,476	\$ -	\$ -	\$ 1,525
Total	\$ 1,576,036	\$ 616,648	\$ 60,610	\$ 584,619	\$ 1,547,455

Attachment 4
Duration Report
January 31, 2015

(\$ in Thousands)

Securities Available for Metropolitan's Self-Liquidity Program	Market Value	Duration (1)
US Treasury Bills	\$ -	-
US Treasury Notes	194,730	2.397
US Treasury Strips	14,292	4.689
Federal Agency Coupons	205,146	0.779
Federal Agency Strips	561	2.529
Federal Agency Discount Notes	26,436	0.026
Shares of Beneficial Interest	714	0.000
California Local Agency Investment Fund	46,542	0.000
Commercial Paper	226,349	0.120
Bankers' Acceptances	372	0.002
Negotiable Certificates of Deposit	348,122	0.141
Medium Term Notes	250,022	0.624
Municipals	-	-
Gov't National Mtge Assoc.	7	5.904
Asset Backed	-	-
Mortgage Backed	55,329	2.780
Total	<u>\$ 1,368,622</u>	
 Weighted Average Duration		 0.790

- (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.