



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



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: June 8, 2015
To: Finance and Insurance Committee
From: Gary Breaux, Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report May 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
May 31, 2015

		Market Value		Duration		Monthly Return		Annualized Monthly Return		Annualized Return *Inception-to-Date	
		(\$ in Thousands)		MWD	Benchmark	MWD	Benchmark	MWD	Benchmark	MWD	Benchmark
Short-Term	(1)	\$	1,138,892	0.21	0.24	0.03%	0.00%	0.41%	0.01%	2.07%	1.46%
Long-Term	(2)		337,446	2.61	2.70	0.08%	0.09%	0.94%	1.07%	3.88%	3.38%
Total Core Funds		\$	1,476,338								
Other Funds	(3)		87,711	7.09		(0.08%)		(0.92%)		8.25%	
Total		\$	<u>1,564,049</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
May 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"	\$ 267,195	\$ 261,911	17.08%	100%
Gov't National Mtge Assoc.	(1)	"AAA"	7	6	0.00%	100%
Federal Agencies	(2)	"AAA"	183,524	183,346	11.73%	100%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	50%
Bankers' Acceptances		"F1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	327,288	327,285	20.93%	25%
Negotiable Certificates of Deposit		"F1 or higher"	377,436	377,404	24.13%	30%
Time Deposits		"F1 or better"	-	-	0.00%	N/A
Shares of Beneficial Interest		"AAA"	260	260	0.02%	20%
California Local Agency Investment Fund			50,000	50,000	3.20%	N/A
Medium Term Notes		"A or higher"	232,583	232,212	14.87%	30%
Asset & Mortgage-Backed Securities		"AAA"	68,367	68,203	4.37%	20%
Municipals	(4)	"A or higher"	57,389	52,353	3.67%	30%
Total Portfolio			<u>\$ 1,564,049</u>	<u>\$ 1,552,980</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) \$10.808 million (market value) of the municipal bond portfolio was rated AAA.

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

(Shown at Book Value and \$ in Thousands)

	Beginning Balance	Purchases	Sales	Maturities	Ending Balance
United States Treasuries	\$ 250,096	\$ 52,677	\$ 17,461	\$ 23,401	\$ 261,911
Gov't National Mtge Assoc.	6	-	-	-	6
Federal Agencies	203,649	41,847	25,302	36,848	183,346
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	-	-	-	-	-
Commercial Paper	313,012	588,558	-	574,285	327,285
Negotiable Certificates of Deposit	368,008	33,811	-	24,415	377,404
Time Deposits	-	-	-	-	-
Shares of Beneficial Interest	583	934	1,257	-	260
California Local Agency Investment Fund	50,000	-	-	-	50,000
Medium Term Notes	168,425	78,902	-	15,115	232,212
Asset & Mortgage-Backed Securities	66,602	2,544	943	-	68,203
Municipals	52,267	461	-	375	52,353
Subtotals	\$ 1,472,648	\$ 799,734	\$ 44,963	\$ 674,439	\$ 1,552,980
	Beginning Balance	Deposits		Withdrawals	Ending Balance
Cash					
Demand Accounts	\$ 36	67			103
Petty Cash & Payroll	15				15
Overnight Investment	-				-
Subtotals	\$ 51	\$ 67	\$ -	\$ -	\$ 118
Total	\$ 1,472,699	\$ 799,801	\$ 44,963	\$ 674,439	\$ 1,553,098

Attachment 4
Duration Report
May 31, 2015

(\$ in Thousands)

Securities Available for Metropolitan's Self-Liquidity Program	Market Value	Duration (1)
US Treasury Bills	\$ -	-
US Treasury Notes	214,664	2.276
US Treasury Strips	14,142	4.335
Federal Agency Coupons	149,801	0.503
Federal Agency Strips	439	2.895
Federal Agency Discount Notes	12,978	0.399
Shares of Beneficial Interest	241	0.000
California Local Agency Investment Fund	46,463	0.000
Commercial Paper	304,136	0.124
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	350,569	0.171
Medium Term Notes	214,830	0.707
Municipals	103	0.167
Gov't National Mtge Assoc.	6	5.710
Asset Backed	-	-
Mortgage Backed	63,531	2.523
Total	<u>\$ 1,371,903</u>	
 Weighted Average Duration		 0.759

- (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.