



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



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: September 21, 2015
To: Finance and Insurance Committee
From: Gary Breaux, Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report August 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 9, 2015. Metropolitan has sufficient liquidity to pay for the next six months of expenditures.

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

Gary Breaux

GB:mt

Attachments

Attachment 1

The Metropolitan Water District of Southern California (MWD)
 Portfolio Performance Report
 August 31, 2015

	Market Value (\$ in Thousands)	Duration		Monthly Return		Annualized Monthly Return		Annualized Return	
		MWD	Benchmark	MWD	Benchmark	MWD	Benchmark	MWD	Benchmark
Short-Term (1)	\$ 605,256	0.22	0.24	0.05%	0.02%	0.57%	0.18%	2.04%	1.43%
Long-Term (2)	338,450	2.65	2.68	(0.01%)	(0.03%)	(0.11%)	(0.37%)	3.82%	3.31%
Total Core Funds	\$ 943,706								
Other Funds (3)	78,656	6.18		0.20%		2.46%		8.38%	
Total	\$ 1,022,362								

- (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
August 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"	\$ 245,391	\$ 240,620	24.00%	100%
Gov't National Mtge Assoc.	(1)	"AAA"	6	5	0.00%	100%
Federal Agencies	(2)	"AAA"	109,616	109,418	10.72%	100%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	50%
Bankers' Acceptances		"F1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	186,397	186,394	18.23%	25%
Negotiable Certificates of Deposit		"F1 or higher"	147,004	147,000	14.38%	30%
Time Deposits		"F1 or better"	-	-	0.00%	N/A
Shares of Beneficial Interest		"AAA"	530	530	0.05%	20%
California Local Agency Investment Fund			50,000	50,000	4.89%	N/A
Medium Term Notes		"A or higher"	168,146	168,097	16.45%	30%
Asset & Mortgage-Backed Securities		"AAA"	67,096	67,105	6.57%	20%
Municipals	(4)	"A or higher"	48,176	44,342	4.71%	30%
Total Portfolio			<u>\$ 1,022,362</u>	<u>\$ 1,013,511</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) \$8.095 million (market value) of the municipal bond portfolio was rated AAA.

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

(Shown at Book Value and \$ in Thousands)

	Beginning Balance	Purchases	Sales	Maturities	Ending Balance
United States Treasuries	\$ 253,204	\$ 39,161	\$ 17,884	\$ 33,861	\$ 240,620
Gov't National Mtge Assoc.	6	-	-	1	5
Federal Agencies	116,384	72,472	5,391	74,047	109,418
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	-	-	-	-	-
Commercial Paper	150,186	442,010	-	405,802	186,394
Negotiable Certificates of Deposit	180,850	37,000	-	70,850	147,000
Time Deposits	-	-	-	-	-
Shares of Beneficial Interest	459	1,478	1,407	-	530
California Local Agency Investment Fund	50,000	6,892	6,892	-	50,000
Medium Term Notes	176,252	28,550	-	36,705	168,097
Asset & Mortgage-Backed Securities	63,323	4,851	1,069	-	67,105
Municipals	46,729	470	2,747	110	44,342
Subtotals	\$ 1,037,393	\$ 632,884	\$ 35,390	\$ 621,376	\$ 1,013,511
	Beginning Balance	Deposits		Withdrawals	Ending Balance
Cash					
Demand Accounts	\$ 1,318	-		1,078	240
Petty Cash & Payroll	15				15
Overnight Investment	-				-
Subtotals	\$ 1,333	\$ -	\$ -	\$ 1,078	\$ 255
Total	\$ 1,038,726	\$ 632,884	\$ 35,390	\$ 622,454	\$ 1,013,766

Attachment 4
Duration Report
August 31, 2015

(\$ in Thousands)

Securities Available for Metropolitan's Self-Liquidity Program	Market Value	Duration (1)
US Treasury Bills	\$ -	-
US Treasury Notes	185,627	2.605
US Treasury Strips	13,537	4.086
Federal Agency Coupons	79,133	0.813
Federal Agency Strips	421	2.646
Federal Agency Discount Notes	10,774	0.198
Shares of Beneficial Interest	471	0.000
California Local Agency Investment Fund	44,385	0.000
Commercial Paper	165,465	0.078
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	130,496	0.081
Medium Term Notes	147,855	0.982
Municipal Bonds	-	-
Municipal Discount Bonds	-	-
Gov't National Mtge Assoc.	6	5.557
Asset Backed	-	-
Mortgage Backed	59,562	2.353
Total	\$ 837,732	
Weighted Average Duration		1.093

(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.