



- 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 – April 2016                 |
| Attachment 2: | Portfolio Summary Report – April 2016                     |
| Attachment 3: | Summary Report of Investment & Cash Activity – April 2016 |
| Attachment 4: | Duration Report – April 2016                              |



THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

**Date:** May 9, 2016  
**To:** Finance and Insurance Committee  
**From:** Gary Breaux, Assistant General Manager/Chief Financial Officer  
**Subject:** Treasurer's Monthly Report April 2016

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 Section 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.

Gary Breaux

GB:mt

Attachments

Attachment 1  
**The Metropolitan Water District of Southern California (MWD)**  
**Portfolio Performance Report**  
**April 30, 2016**

		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)	\$	1,028,925	0.25	0.24	0.09%	0.03%	1.02%	0.32%	1.97%	1.38%
Long-Term	(2)		343,195	2.64	2.69	0.06%	0.07%	0.76%	0.82%	3.75%	3.27%
Total Core Funds		\$	1,372,120								
Other Funds	(3)		80,663	5.80		0.08%		5.72%		8.23%	
Total		\$	1,452,783								

(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**  
**April 30, 2016**

(\$ 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"	\$ 342,434	\$ 336,149	23.57%	100%
Gov't National Mtge Assoc.	(1)	"AAA"	5	5	0.00%	100%
Federal Agencies	(2)	"AAA"	191,395	191,100	13.18%	100%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	50%
Bankers' Acceptances		"F1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	275,280	275,273	18.95%	25%
Negotiable Certificates of Deposit		"F1 or higher"	251,526	251,507	17.31%	30%
Time Deposits		"F1 or better"	-	-	0.00%	N/A
Shares of Beneficial Interest		"AAA"	497	497	0.03%	20%
California Local Agency Investment Fund			65,000	65,000	4.48%	N/A
Medium Term Notes		"A or higher"	209,637	209,080	14.43%	30%
Asset & Mortgage-Backed Securities		"AAA"	67,711	67,839	4.66%	20%
Municipals	(4)	"A or higher"	49,298	44,286	3.39%	30%
Total Portfolio			<u>\$ 1,452,783</u>	<u>\$ 1,440,736</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) \$10.933 million (market value) of the municipal bond portfolio was rated AAA.

Attachment 3  
**Summary Report of Investment & Cash Activity**  
**April 30, 2016**

(Shown at Book Value and \$ in Thousands)

	<b>Beginning Balance</b>	<b>Purchases</b>	<b>Sales</b>	<b>Maturities</b>	<b>Ending Balance</b>
United States Treasuries	\$ 336,475	\$ 97,774	\$ 98,100	\$ -	\$ 336,149
Gov't National Mtge Assoc.	5	-	-	-	5
Federal Agencies	102,963	271,957	20,508	163,312	191,100
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	-	-	-	-	-
Commercial Paper	180,171	558,005	-	462,903	275,273
Negotiable Certificates of Deposit	260,125	153,550	-	162,168	251,507
Time Deposits	-	-	-	-	-
Shares of Beneficial Interest	501	5,208	5,212	-	497
California Local Agency Investment Fund	65,000	26,560	26,560	-	65,000
Medium Term Notes	127,667	102,187	970	19,804	209,080
Asset & Mortgage-Backed Securities	65,923	3,744	1,828	-	67,839
Municipals	44,483	20	217	-	44,286
<b>Subtotals</b>	<b>\$ 1,183,313</b>	<b>\$ 1,219,005</b>	<b>\$ 153,395</b>	<b>\$ 808,187</b>	<b>\$ 1,440,736</b>
	Beginning Balance	Deposits		Withdrawals	Ending Balance
<b>Cash</b>					
Demand Accounts	\$ 69			66	3
Petty Cash & Payroll	15				15
Overnight Investment	(1) (825)			674	(1,499)
<b>Subtotals</b>	<b>\$ (741)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 740</b>	<b>\$ (1,481)</b>
<b>Total</b>	<b>\$ 1,182,572</b>	<b>\$ 1,219,005</b>	<b>\$ 153,395</b>	<b>\$ 808,927</b>	<b>\$ 1,439,255</b>

(1) Includes investment of outstanding checks.

Attachment 4  
**Duration Report**  
**April 30, 2016**

(\$ 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	280,770	2.171
US Treasury Strips	14,370	3.470
Federal Agency Coupons	105,409	0.692
Federal Agency Strips	3,909	0.260
Federal Agency Discount Notes	60,319	0.190
Shares of Beneficial Interest	457	0.000
California Local Agency Investment Fund	59,859	0.000
Commercial Paper	253,109	0.159
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	231,635	0.214
Medium Term Notes	191,408	0.699
Municipal Bonds	-	-
Municipal Discount Bonds	-	-
Gov't National Mtge Assoc.	5	5.136
Asset Backed	-	-
Mortgage Backed	62,356	1.849
<b>Total</b>	<b><u><u>\$ 1,263,606</u></u></b>	
<b>Weighted Average Duration</b>		<b>0.858</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.