



- 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

- | | |
|---------------|---|
| Attachment 1: | Portfolio Performance Report – May 2016 |
| Attachment 2: | Portfolio Summary Report – May 2016 |
| Attachment 3: | Summary Report of Investment & Cash Activity – May 2016 |
| Attachment 4: | Duration Report – May 2016 |



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: June 13, 2016
To: Finance and Insurance Committee
From: Gary Breaux, Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report May 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.

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, 2016

		Market Value (\$ in Thousands)	Duration		Monthly Return		Fiscal YTD Return		Annualized Return *Inception-to-Date	
			MWD	Benchmark	MWD	Benchmark	MWD	Benchmark	MWD	Benchmark
Short-Term	(1)	\$ 1,030,594	0.22	0.23	0.05%	0.01%	0.54%	0.15%	1.96%	1.37%
Long-Term	(2)	343,298	2.69	2.71	(0.04%)	(0.12%)	1.77%	1.63%	3.72%	3.24%
Total Core Funds		\$ 1,373,892								
Other Funds	(3)	80,390	5.75		0.06%		4.95%		8.17%	
Total		<u>\$ 1,454,282</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, 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"	\$ 342,140	\$ 336,415	23.53%	100%
Gov't National Mtge Assoc.	(1)	"AAA"	5	5	0.00%	100%
Federal Agencies	(2)	"AAA"	170,299	170,088	11.71%	100%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	50%
Bankers' Acceptances		"F1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	326,119	326,100	22.42%	25%
Negotiable Certificates of Deposit		"F1 or higher"	253,534	253,503	17.43%	30%
Time Deposits		"F1 or better"	-	-	0.00%	N/A
Shares of Beneficial Interest		"AAA"	1,125	1,125	0.08%	20%
California Local Agency Investment Fund			65,000	65,000	4.47%	N/A
Medium Term Notes		"A or higher"	183,642	183,177	12.63%	30%
Asset & Mortgage-Backed Securities		"AAA"	62,496	62,624	4.30%	20%
Municipals	(4)	"A or higher"	49,922	44,953	3.43%	30%
Total Portfolio			<u>\$ 1,454,282</u>	<u>\$ 1,442,990</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) \$15.708 million (market value) of the municipal bond portfolio was rated AAA.

Attachment 3
Summary Report of Investment & Cash Activity
May 31, 2016

(Shown at Book Value and \$ in Thousands)

	Beginning Balance	Purchases	Sales	Maturities	Ending Balance
United States Treasuries	\$ 336,149	\$ 23,457	\$ 18,191	\$ 5,000	\$ 336,415
Gov't National Mtge Assoc.	5	-	-	-	5
Federal Agencies	191,100	63,814	6,711	78,115	170,088
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	-	-	-	-	-
Commercial Paper	275,273	581,760	-	530,933	326,100
Negotiable Certificates of Deposit	251,507	91,896	-	89,900	253,503
Time Deposits	-	-	-	-	-
Shares of Beneficial Interest	497	3,417	2,789	-	1,125
California Local Agency Investment Fund	65,000	-	-	-	65,000
Medium Term Notes	209,080	53,246	2,311	76,838	183,177
Asset & Mortgage-Backed Securities	67,839	837	6,052	-	62,624
Municipals	44,286	1,422	-	755	44,953
Subtotals	\$ 1,440,736	\$ 819,849	\$ 36,054	\$ 781,541	\$ 1,442,990
	Beginning Balance	Deposits		Withdrawals	Ending Balance
Cash					
Demand Accounts	\$ 3	85			88
Petty Cash & Payroll	15				15
Overnight Investment	(1) (1,499)			1,500	(2,999)
Subtotals	\$ (1,481)	\$ 85	\$ -	\$ 1,500	\$ (2,896)
Total	\$ 1,439,255	\$ 819,934	\$ 36,054	\$ 783,041	\$ 1,440,094

(1) Includes investment of outstanding checks.

Attachment 4
Duration Report
May 31, 2016

(\$ in Thousands)

Securities Available for Metropolitan's Self-Liquidity Program	Market Value	Duration (1)
US Treasury Bills	\$ -	-
US Treasury Notes	280,530	2.194
US Treasury Strips	14,350	3.384
Federal Agency Coupons	112,230	0.636
Federal Agency Strips	443	1.903
Federal Agency Discount Notes	37,363	0.273
Shares of Beneficial Interest	1,036	0.000
California Local Agency Investment Fund	59,833	0.000
Commercial Paper	299,461	0.097
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	233,382	0.155
Medium Term Notes	167,248	0.814
Municipal Bonds	1,281	0.112
Municipal Discount Bonds	-	-
Gov't National Mtge Assoc.	5	5.082
Asset Backed	-	-
Mortgage Backed	57,528	1.898
Total	<u><u>\$ 1,264,690</u></u>	
Weighted Average Duration		0.836

- (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.