



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



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: July 11, 2016
To: Finance and Insurance Committee
From: Gary Breaux, Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report June 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 14, 2016. Metropolitan has sufficient liquidity to pay for the next six months of expenditures.

A handwritten signature in blue ink, appearing to read "Gary Breaux", is written over a faint, larger version of the same signature.

Gary Breaux

GB:mt

Attachments

Attachment 1
The Metropolitan Water District of Southern California (MWD)
Portfolio Performance Report
June 30, 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)	\$ 1,085,084	0.18	0.25	0.08%	0.04%	0.62%	0.19%	1.96%	1.36%
Long-Term	(2)	346,159	2.55	2.71	0.90%	0.92%	2.68%	2.57%	3.77%	3.29%
Total Core Funds		\$ 1,431,243								
Other Funds	(3)	64,643	5.20		1.67%		6.70%		8.28%	
Total		<u>\$ 1,495,886</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
June 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"	\$ 389,382	\$ 381,233	26.03%	100%
Gov't National Mtge Assoc.	(1)	"AAA"	5	4	0.00%	100%
Federal Agencies	(2)	"AAA"	213,794	213,388	14.29%	100%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	50%
Bankers' Acceptances		"F1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	309,112	309,091	20.66%	25%
Negotiable Certificates of Deposit		"F1 or higher"	221,050	221,006	14.78%	30%
Time Deposits		"F1 or better"	-	-	0.00%	N/A
Shares of Beneficial Interest		"AAA"	288	288	0.02%	20%
California Local Agency Investment Fund			65,000	65,000	4.35%	N/A
Medium Term Notes		"A or higher"	185,661	184,869	12.41%	30%
Asset & Mortgage-Backed Securities		"AAA"	67,288	67,241	4.50%	20%
Municipals	(4)	"A or higher"	44,306	41,090	2.96%	30%
Total Portfolio			<u>\$ 1,495,886</u>	<u>\$ 1,483,210</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) \$14.92 million (market value) of the municipal bond portfolio was rated AAA.

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

(Shown at Book Value and \$ in Thousands)

	Beginning Balance	Purchases	Sales	Maturities	Ending Balance
United States Treasuries	\$ 336,415	\$ 84,899	\$ 40,081	\$ -	\$ 381,233
Gov't National Mtge Assoc.	5	-	-	1	4
Federal Agencies	170,088	676,882	28,210	605,372	213,388
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	-	-	-	-	-
Commercial Paper	326,100	1,529,314	-	1,546,323	309,091
Negotiable Certificates of Deposit	253,503	186,648	-	219,145	221,006
Time Deposits	-	-	-	-	-
Shares of Beneficial Interest	1,125	5,633	6,470	-	288
California Local Agency Investment Fund	65,000	-	-	-	65,000
Medium Term Notes	183,177	71,186	-	69,494	184,869
Asset & Mortgage-Backed Securities	62,624	7,307	2,690	-	67,241
Municipals	44,953	9,677	13,540	-	41,090
Subtotals	\$ 1,442,990	\$ 2,571,546	\$ 90,991	\$ 2,440,335	\$ 1,483,210
	Beginning Balance	Deposits		Withdrawals	Ending Balance
Cash					
Demand Accounts	\$ 88			11	77
Petty Cash & Payroll	15				15
Overnight Investment	(1) (2,999)	2,946			(53)
Subtotals	\$ (2,896)	\$ 2,946	\$ -	\$ 11	\$ 39
Total	\$ 1,440,094	\$ 2,574,492	\$ 90,991	\$ 2,440,346	\$ 1,483,249

(1) Includes investment of outstanding checks.

Attachment 4
Duration Report
June 30, 2016

(\$ in Thousands)

Securities Available for Metropolitan's Self-Liquidity Program	Market Value	Duration (1)
US Treasury Bills	\$ 46,168	0.016
US Treasury Notes	278,263	2.096
US Treasury Strips	14,574	3.329
Federal Agency Coupons	84,909	0.823
Federal Agency Strips	448	1.823
Federal Agency Discount Notes	109,486	0.076
Shares of Beneficial Interest	266	0.000
California Local Agency Investment Fund	60,019	0.000
Commercial Paper	285,426	0.063
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	204,112	0.149
Medium Term Notes	168,688	0.797
Municipal Bonds	7,075	0.189
Municipal Discount Bonds	-	-
Gov't National Mtge Assoc.	5	5.037
Asset Backed	-	-
Mortgage Backed	62,132	1.820
Total	<u>\$ 1,321,571</u>	
Weighted Average Duration		0.763

- (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.