



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



THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

**Date:** October 10, 2016  
**To:** Finance and Insurance Committee  
**From:** Gary Breaux, Assistant General Manager/Chief Financial Officer  
**Subject:** Treasurer's Monthly Report September 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".

Gary Breaux

GB:mt

Attachments

Attachment 1  
**The Metropolitan Water District of Southern California (MWD)**  
**Portfolio Performance Report**  
**September 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)	\$ 626,023	0.23	0.24	0.07%	0.05%	0.17%	0.10%	1.93%	1.35%
Long-Term	(2)	346,271	2.54	2.70	0.08%	0.15%	(0.06%)	(0.07%)	3.69%	3.23%
Total Core Funds		\$ 972,294								
Other Funds	(3)	59,420	4.82		(0.10%)		(0.15%)		8.38%	
Total		<u>\$ 1,031,714</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**  
**September 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"	\$ 313,691	\$ 307,265	30.41%	100%
Gov't National Mtge Assoc.	(1)	"AAA"	5	4	0.00%	100%
Federal Agencies	(2)	"AAA"	113,418	113,115	10.99%	100%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	50%
Bankers' Acceptances		"F1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	217,186	217,160	21.05%	25%
Negotiable Certificates of Deposit		"F1 or higher"	126,817	126,752	12.29%	30%
Time Deposits		"F1 or better"	-	-	0.00%	N/A
Shares of Beneficial Interest		"AAA"	803	803	0.08%	20%
California Local Agency Investment Fund			65,000	65,000	6.30%	N/A
Medium Term Notes		"A or higher"	103,886	103,311	10.07%	30%
Asset & Mortgage-Backed Securities		"AAA"	52,915	52,805	5.13%	20%
Municipals	(4)	"A or higher"	37,993	35,102	3.68%	30%
Total Portfolio			<u>\$ 1,031,714</u>	<u>\$ 1,021,317</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) \$11.901 million (market value) of the municipal bond portfolio was rated AAA.

Attachment 3  
**Summary Report of Investment & Cash Activity**  
**September 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	\$ 315,383	\$ 38,535	\$ 32,348	\$ 14,305	\$ 307,265
Gov't National Mtge Assoc.	4	-	-	-	4
Federal Agencies	111,234	56,416	5,463	49,072	113,115
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	193	-	-	193	-
Commercial Paper	173,513	716,299	-	672,652	217,160
Negotiable Certificates of Deposit	131,002	39,650	-	43,900	126,752
Time Deposits	-	-	-	-	-
Shares of Beneficial Interest	229	6,468	5,894	-	803
California Local Agency Investment Fund	65,000	-	-	-	65,000
Medium Term Notes	108,901	30,939	6,995	29,534	103,311
Asset & Mortgage-Backed Securities	49,232	5,653	2,080	-	52,805
Municipals	35,118	4,956	4,972	-	35,102
<b>Subtotals</b>	<b>\$ 989,809</b>	<b>\$ 898,916</b>	<b>\$ 57,752</b>	<b>\$ 809,656</b>	<b>\$ 1,021,317</b>
	Beginning Balance	Deposits		Withdrawals	Ending Balance
<b>Cash</b>					
Demand Accounts	\$ 302			658	(356)
Petty Cash & Payroll	15				15
Overnight Investment	(1) (1,876)			131	(2,007)
<b>Subtotals</b>	<b>\$ (1,559)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 789</b>	<b>\$ (2,348)</b>
<b>Total</b>	<b>\$ 988,250</b>	<b>\$ 898,916</b>	<b>\$ 57,752</b>	<b>\$ 810,445</b>	<b>\$ 1,018,969</b>

(1) Includes investment of outstanding checks.

Attachment 4  
**Duration Report**  
**September 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	230,982	2.316
US Treasury Strips	26,613	1.788
Federal Agency Coupons	65,872	0.794
Federal Agency Strips	428	1.572
Federal Agency Discount Notes	31,665	0.078
Shares of Beneficial Interest	710	0.000
California Local Agency Investment Fund	57,443	0.000
Commercial Paper	191,271	0.080
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	111,919	0.264
Medium Term Notes	89,922	1.348
Municipal Bonds	5,664	0.446
Municipal Discount Bonds	-	-
Gov't National Mtge Assoc.	4	4.877
Asset Backed	-	-
Mortgage Backed	46,764	2.123
Total	<u><u>\$ 859,257</u></u>	
Weighted Average Duration		1.054

- (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.