



- 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 – March 2017 |
| Attachment 2: | Portfolio Summary Report – March 2017 |
| Attachment 3: | Summary Report of Investment & Cash Activity – March 2017 |
| Attachment 4: | Duration Report – March 2017 |



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: April 10, 2017
To: Finance and Insurance Committee
From: Gary Breaux, Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report March 2017

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
March 31, 2017

		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)	\$ 957,199	0.25	0.24	0.08%	0.02%	0.53%	0.28%	1.89%	1.31%
Long-Term	(2)	343,975	2.49	2.70	0.03%	0.06%	(0.70%)	(0.65%)	3.52%	3.07%
Total Core Funds		\$ 1,301,174								
Other Funds	(3)	58,052	4.36		0.15%		(1.65%)		7.78%	
Total		<u>\$ 1,359,226</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
March 31, 2017

(\$ 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"	\$ 361,315	\$ 359,603	26.58%	100%
Gov't National Mtge Assoc.	(1)	"AAA"	4	4	0.00%	100%
Federal Agencies	(2)	"AAA"	69,868	69,833	5.14%	100%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	50%
Bankers' Acceptances		"F1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	293,240	293,164	21.58%	25%
Negotiable Certificates of Deposit		"F1 or higher"	299,962	299,904	22.07%	30%
Time Deposits		"F1 or better"	-	-	0.00%	N/A
Shares of Beneficial Interest		"AAA"	691	691	0.05%	20%
California Local Agency Investment Fund			65,000	65,000	4.78%	N/A
Medium Term Notes		"A or higher"	171,281	171,375	12.60%	30%
Asset & Mortgage-Backed Securities		"AAA"	63,476	63,897	4.67%	20%
Municipals	(4)	"A or higher"	34,389	32,249	2.53%	30%
Total Portfolio			<u>\$ 1,359,226</u>	<u>\$ 1,355,720</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) \$11.689 million (market value) of the municipal bond portfolio was rated AAA.

Attachment 3
Summary Report of Investment & Cash Activity
March 31, 2017

(Shown at Book Value and \$ in Thousands)

	Beginning Balance	Purchases	Sales	Maturities	Ending Balance
United States Treasuries	\$ 337,592	\$ 39,093	\$ 17,082	\$ -	\$ 359,603
Gov't National Mtge Assoc.	4	-	-	-	4
Federal Agencies	127,178	29,392	10,718	76,019	69,833
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	-	-	-	-	-
Commercial Paper	268,353	751,055	-	726,244	293,164
Negotiable Certificates of Deposit	294,363	242,061	-	236,520	299,904
Time Deposits	-	-	-	-	-
Shares of Beneficial Interest	597	3,231	3,137	-	691
California Local Agency Investment Fund	65,000	-	-	-	65,000
Medium Term Notes	121,110	86,408	3,626	32,517	171,375
Asset & Mortgage-Backed Securities	62,668	2,697	1,468	-	63,897
Municipals	32,262	-	13	-	32,249
Subtotals	\$ 1,309,127	\$ 1,153,937	\$ 36,044	\$ 1,071,300	\$ 1,355,720
	Beginning Balance	Deposits		Withdrawals	Ending Balance
Cash					
Demand Accounts	\$ 173	729			902
Petty Cash & Payroll	15				15
Overnight Investment	(1) (3,999)	3,402			(597)
Subtotals	\$ (3,811)	\$ 4,131	\$ -	\$ -	\$ 320
Total	\$ 1,305,316	\$ 1,158,068	\$ 36,044	\$ 1,071,300	\$ 1,356,040

(1) Includes investment of outstanding checks.

Attachment 4
Duration Report
March 31, 2017

(\$ in Thousands)

Securities Available for Metropolitan's Self-Liquidity Program	Market Value	Duration (1)
US Treasury Bills	\$ 45,438	0.085
US Treasury Notes	255,463	2.057
US Treasury Strips	7,987	4.581
Federal Agency Coupons	24,070	1.816
Federal Agency Strips	442	1.075
Federal Agency Discount Notes	36,430	0.062
Shares of Beneficial Interest	625	0.000
California Local Agency Investment Fund	59,105	0.000
Commercial Paper	266,252	0.268
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	272,758	0.185
Medium Term Notes	153,631	0.818
Municipal Bonds	3,244	0.303
Municipal Discount Bonds	-	-
Gov't National Mtge Assoc.	4	4.553
Asset Backed	-	-
Mortgage Backed	57,719	2.297
Total	<u>\$ 1,183,168</u>	
Weighted Average Duration		0.840

- (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.