



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



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: May 8, 2017
To: Finance and Insurance Committee
From: Gary Breaux, Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report April 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 dark ink, appearing to read "Gary Breaux", is written over a horizontal line.

Gary Breaux

GB:mt

Attachments

Attachment 1
The Metropolitan Water District of Southern California (MWD)
Portfolio Performance Report
April 30, 2017

		Market Value (\$ in Thousands)	Duration		Monthly Return		Fiscal YTD Return		Annualized Return *Inception-to-Date	
			<u>MWD</u>	<u>Benchmark</u>	<u>MWD</u>	<u>Benchmark</u>	<u>MWD</u>	<u>Benchmark</u>	<u>MWD</u>	<u>Benchmark</u>
Short-Term	(1)	\$ 967,891	0.22	0.24	0.10%	0.07%	0.63%	0.35%	1.89%	1.31%
Long-Term	(2)	344,737	2.50	2.69	0.32%	0.34%	(0.39%)	(0.31%)	3.53%	3.08%
Total Core Funds		\$ 1,312,628								
Other Funds	(3)	58,294	4.29		0.57%		(1.09%)		7.78%	
Total		<u>\$ 1,370,922</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
April 30, 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"	\$ 344,351	\$ 342,032	25.12%	100%
Gov't National Mtge Assoc.	(1)	"AAA"	4	4	0.00%	100%
Federal Agencies	(2)	"AAA"	105,332	105,277	7.68%	100%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	50%
Bankers' Acceptances		"F1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	306,238	306,152	22.34%	25%
Negotiable Certificates of Deposit		"F1 or higher"	250,424	250,352	18.27%	30%
Time Deposits		"F1 or better"	-	-	0.00%	N/A
Shares of Beneficial Interest		"AAA"	417	417	0.03%	20%
California Local Agency Investment Fund			55,760	55,760	4.07%	N/A
Medium Term Notes		"A or higher"	210,819	210,847	15.38%	30%
Asset & Mortgage-Backed Securities		"AAA"	63,108	63,413	4.60%	20%
Municipals	(4)	"A or higher"	34,469	32,235	2.51%	30%
Total Portfolio			<u>\$ 1,370,922</u>	<u>\$ 1,366,489</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) \$11.707 million (market value) of the municipal bond portfolio was rated AAA.

Attachment 3
Summary Report of Investment & Cash Activity
April 30, 2017

(Shown at Book Value and \$ in Thousands)

	Beginning Balance	Purchases	Sales	Maturities	Ending Balance
United States Treasuries	\$ 359,603	\$ 72,704	\$ 17,775	\$ 72,500	\$ 342,032
Gov't National Mtge Assoc.	4	-	-	-	4
Federal Agencies	69,833	242,744	-	207,300	105,277
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	-	-	-	-	-
Commercial Paper	293,164	135,143	-	122,155	306,152
Negotiable Certificates of Deposit	299,904	70,196	-	119,748	250,352
Time Deposits	-	-	-	-	-
Shares of Beneficial Interest	691	2,299	2,573	-	417
California Local Agency Investment Fund	65,000	20,000	29,240	-	55,760
Medium Term Notes	171,375	93,371	5,139	48,760	210,847
Asset & Mortgage-Backed Securities	63,897	3,154	3,638	-	63,413
Municipals	32,249	-	14	-	32,235
Subtotals	\$ 1,355,720	\$ 639,611	\$ 58,379	\$ 570,463	\$ 1,366,489
Cash	Beginning Balance	Deposits		Withdrawals	Ending Balance
Demand Accounts	\$ 902			866	36
Petty Cash & Payroll	15				15
Overnight Investment	(1) (597)			2,402	(2,999)
Subtotals	\$ 320	\$ -	\$ -	\$ 3,268	\$ (2,948)
Total	\$ 1,356,040	\$ 639,611	\$ 58,379	\$ 573,731	\$ 1,363,541

(1) Includes investment of outstanding checks.

Attachment 4
Duration Report
April 30, 2017

(\$ in Thousands)

Securities Available for Metropolitan's Self-Liquidity Program	Market Value	Duration (1)
US Treasury Bills	\$ 61,278	0.191
US Treasury Notes	223,953	2.308
US Treasury Strips	8,045	4.503
Federal Agency Coupons	26,636	1.614
Federal Agency Strips	442	0.993
Federal Agency Discount Notes	66,003	0.092
Shares of Beneficial Interest	379	0.000
California Local Agency Investment Fund	50,696	0.000
Commercial Paper	278,031	0.184
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	227,681	0.159
Medium Term Notes	189,659	0.726
Municipal Bonds	3,234	0.226
Municipal Discount Bonds	-	-
Gov't National Mtge Assoc.	4	4.504
Asset Backed	-	-
Mortgage Backed	57,376	2.317
Total	<u>\$ 1,193,417</u>	
Weighted Average Duration		0.815

- (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.