THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Report

Office of the CFO

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

Date of Report: 7/10/2017

THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: July 10, 2017

To: Finance and Insurance Committee

From: Gary Breaux, Assistant General Manager/Chief Financial Officer

Subject: Treasurer's Monthly Report June 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 13, 2017. Metropolitan has sufficient liquidity to pay for the next six months of expenditures.

Gary Breaux

GB:mt

Attachments

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Attachment 1

The Metropolitan Water District of Southern California (MWD)
Portfolio Performance Report
June 30, 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)	$ 973,721	0.20	0.24	0.11%	0.08%	0.90%	0.49%	1.88%	1.30%
Long-Term	(2)	345,260	2.74	2.70	(0.08%)	(0.12%)	(0.13%)	(0.17%)	3.50%	3.06%
Total Core Funds		$ 1,318,981								
Other Funds	(3)	55,572	3.49		(0.45%)		(1.91%)		7.61%	
Total		$ 1,374,553								

(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, 2017

($ in Thousands)

Securities		Credit Quality	Market Value	Book Value	Percent of Portfolio Market Value	Investment Policy Limits
United States Treasuries	(1,2)	"AAA"	$ 366,159	$ 363,867	26.64%	100%
Gov't National Mtge Assoc.	(1)	"AAA"	4	3	0.00%	100%
Federal Agencies	(2)	"AAA"	104,053	103,950	7.57%	100%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	50%
Bankers' Acceptances		"F1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	289,029	289,033	21.02%	25%
Negotiable Certificates of Deposit		"F1 or higher"	368,239	368,227	26.79%	30%
Time Deposits		"F1 or better"	-	-	0.00%	N/A
Shares of Beneficial Interest		"AAA"	240	240	0.02%	20%
California Local Agency Investment Fund			50,000	50,000	3.64%	N/A
Medium Term Notes		"A or higher"	109,567	109,619	7.97%	30%
Asset & Mortgage-Backed Securities		"AAA"	64,327	64,606	4.68%	20%
Municipals	(4)	"A or higher"	22,935	20,904	1.67%	30%
Total Portfolio			$ 1,374,553	$ 1,370,449	100.00%	

(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) $10.544 million (market value) of the municipal bond portfolio was rated AAA.

Attachment 3

Summary Report of Investment & Cash Activity

June 30, 2017

(Shown at Book Value and $ in Thousands)

	Beginning Balance	Purchases	Sales	Maturities	Ending Balance
United States Treasuries	$ 344,731	$ 35,090	$ 15,954	$ -	$ 363,867
Gov't National Mtge Assoc.	3	-	-	-	3
Federal Agencies	110,199	200,733	2,715	204,267	103,950
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	-	-	-	-	-
Commercial Paper	288,945	269,828	-	269,740	289,033
Negotiable Certificates of Deposit	286,597	322,360	-	240,730	368,227
Time Deposits	-	-	-	-	-
Shares of Beneficial Interest	756	1,136	1,652	-	240
California Local Agency Investment Fund	53,563	19,077	22,640	-	50,000
Medium Term Notes	184,591	42,005	25,082	91,895	109,619
Asset & Mortgage-Backed Securities	58,502	8,162	2,058	-	64,606
Municipals	28,923	555	8,574	-	20,904
Subtotals	**$ 1,356,810**	**$ 898,946**	**$ 78,675**	**$ 806,632**	**$ 1,370,449**

Cash		Beginning Balance	Deposits	Withdrawals	Ending Balance
Demand Accounts		$ 32	856		888
Petty Cash & Payroll		15			15
Overnight Investment	(1)	(1,999)	1,999		-
Subtotals		**$ (1,952)**	**$ 2,855**	**$ -**	**$ -**	**$ 903**
Total		**$ 1,354,858**	**$ 901,801**	**$ 78,675**	**$ 806,632**	**$ 1,371,352**

(1) Includes investment of outstanding checks.

Attachment 4

Duration Report

June 30, 2017

($ in Thousands)

Securities Available for Metropolitan's Self-Liquidity Program	Market Value	Duration (1)
US Treasury Bills	$ 75,974	0.189
US Treasury Notes	243,237	2.153
US Treasury Strips	12,904	4.337
Federal Agency Coupons	31,856	1.302
Federal Agency Strips	464	0.826
Federal Agency Discount Notes	53,580	0.008
Shares of Beneficial Interest	225	0.000
California Local Agency Investment Fund	47,579	0.000
Commercial Paper	274,622	0.038
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	349,807	0.197
Medium Term Notes	101,985	2.117
Municipal Bonds	994	0.598
Municipal Discount Bonds	680	7.012
Gov't National Mtge Assoc.	4	4.401
Asset Backed	-	-
Mortgage Backed	61,213	2.367
Total	$ 1,255,124	
Weighted Average Duration		0.862

(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.