



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



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: August 14, 2017
To: Finance and Insurance Committee
From: Gary Breaux, Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report July 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.

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
July 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)	\$ 736,699	0.24	0.23	0.11%	0.09%	0.11%	0.09%	1.88%	1.30%
Long-Term	(2)	346,090	2.73	2.68	0.28%	0.32%	0.28%	0.32%	3.50%	3.06%
Total Core Funds		\$ 1,082,789								
Other Funds	(3)	41,556	4.68		0.45%		0.45%		7.49%	
Total		<u>\$ 1,124,345</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
July 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"	\$ 344,797	\$ 342,228	30.66%	100%
Gov't National Mtge Assoc.	(1)	"AAA"	4	3	0.00%	100%
Federal Agencies	(2)	"AAA"	68,572	68,452	6.10%	100%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	50%
Bankers' Acceptances		"F1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	146,507	146,511	13.03%	25%
Negotiable Certificates of Deposit		"F1 or higher"	308,654	308,637	27.45%	30%
Time Deposits		"F1 or better"	-	-	0.00%	N/A
Shares of Beneficial Interest		"AAA"	759	759	0.07%	20%
California Local Agency Investment Fund			44,077	44,077	3.92%	N/A
Medium Term Notes		"A or higher"	131,417	131,233	11.69%	30%
Asset & Mortgage-Backed Securities		"AAA"	57,208	57,437	5.09%	20%
Municipals	(4)	"A or higher"	22,350	20,267	1.99%	30%
Total Portfolio			<u>\$ 1,124,345</u>	<u>\$ 1,119,604</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) \$7.626 million (market value) of the municipal bond portfolio was rated AAA.

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

(Shown at Book Value and \$ in Thousands)

	Beginning Balance	Purchases	Sales	Maturities	Ending Balance
United States Treasuries	\$ 363,867	\$ 52,392	\$ 9,031	\$ 65,000	\$ 342,228
Gov't National Mtge Assoc.	3	-	-	-	3
Federal Agencies	103,950	41,764	5,172	72,090	68,452
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	-	-	-	-	-
Commercial Paper	289,033	487,435	-	629,957	146,511
Negotiable Certificates of Deposit	368,227	82,180	-	141,770	308,637
Time Deposits	-	-	-	-	-
Shares of Beneficial Interest	240	924	405	-	759
California Local Agency Investment Fund	50,000	3,567	9,490	-	44,077
Medium Term Notes	109,619	46,056	2,750	21,692	131,233
Asset & Mortgage-Backed Securities	64,606	2,809	9,978	-	57,437
Municipals	20,904	118	-	755	20,267
Subtotals	\$ 1,370,449	\$ 717,245	\$ 36,826	\$ 931,264	\$ 1,119,604
	Beginning Balance	Deposits		Withdrawals	Ending Balance
Cash					
Demand Accounts	\$ 888	140			1,028
Petty Cash & Payroll	15				15
Overnight Investment	(1) -			5,300	(5,300)
Subtotals	\$ 903	\$ 140	\$ -	\$ 5,300	\$ (4,257)
Total	\$ 1,371,352	\$ 717,385	\$ 36,826	\$ 936,564	\$ 1,115,347

(1) Includes investment of outstanding checks.

Attachment 4
Duration Report
July 31, 2017

(\$ in Thousands)

Securities Available for Metropolitan's Self-Liquidity Program	Market Value	Duration (1)
US Treasury Bills	\$ 61,143	0.369
US Treasury Notes	235,367	2.141
US Treasury Strips	12,869	4.255
Federal Agency Coupons	26,615	2.312
Federal Agency Strips	461	0.742
Federal Agency Discount Notes	37,688	0.241
Shares of Beneficial Interest	714	0.000
California Local Agency Investment Fund	41,629	0.000
Commercial Paper	137,749	0.043
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	290,924	0.164
Medium Term Notes	122,067	1.770
Municipal Bonds	721	0.735
Municipal Discount Bonds	680	6.931
Gov't National Mtge Assoc.	3	4.350
Asset Backed	-	-
Mortgage Backed	54,032	2.431
Total	<u><u>\$ 1,022,662</u></u>	
Weighted Average Duration		1.035

- (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.