



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



THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

**Date:** September 11, 2017  
**To:** Finance and Insurance Committee  
**From:** Gary Breaux, Assistant General Manager/Chief Financial Officer  
**Subject:** Treasurer's Monthly Report August 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 black ink, appearing to read "Gary Breaux".

Gary Breaux

GB:mt

Attachments

Attachment 1  
**The Metropolitan Water District of Southern California (MWD)**  
**Portfolio Performance Report**  
**August 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)	\$ 719,908	0.23	0.24	0.12%	0.09%	0.23%	0.18%	1.88%	1.30%
Long-Term	(2)	348,246	2.72	2.69	0.42%	0.35%	0.70%	0.67%	3.51%	3.07%
Total Core Funds		\$ 1,068,154								
Other Funds	(3)	41,719	4.61		0.50%		0.95%		7.48%	
Total		<u>\$ 1,109,873</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**  
**August 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"	\$ 348,751	\$ 345,502	31.42%	100%
Gov't National Mtge Assoc.	(1)	"AAA"	4	3	0.00%	100%
Federal Agencies	(2)	"AAA"	60,935	60,890	5.49%	100%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	50%
Bankers' Acceptances		"F1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	174,425	174,434	15.72%	25%
Negotiable Certificates of Deposit		"F1 or higher"	281,374	281,355	25.35%	30%
Time Deposits		"F1 or better"	-	-	0.00%	N/A
Shares of Beneficial Interest		"AAA"	804	804	0.07%	20%
California Local Agency Investment Fund			33,980	33,980	3.06%	N/A
Medium Term Notes		"A or higher"	129,135	128,783	11.64%	30%
Asset & Mortgage-Backed Securities		"AAA"	58,055	58,177	5.23%	20%
Municipals	(4)	"A or higher"	22,410	20,286	2.02%	30%
Total Portfolio			<u>\$ 1,109,873</u>	<u>\$ 1,104,214</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) \$7.643 million (market value) of the municipal bond portfolio was rated AAA.

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

(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	\$ 342,228	\$ 11,318	\$ 8,044	\$ -	\$ 345,502
Gov't National Mtge Assoc.	3	-	-	-	3
Federal Agencies	68,452	2,315	4,777	5,100	60,890
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	-	-	-	-	-
Commercial Paper	146,511	336,470	-	308,547	174,434
Negotiable Certificates of Deposit	308,637	33,208	-	60,490	281,355
Time Deposits	-	-	-	-	-
Shares of Beneficial Interest	759	3,268	3,223	-	804
California Local Agency Investment Fund	44,077	27,655	37,752	-	33,980
Medium Term Notes	131,233	42,967	-	45,417	128,783
Asset & Mortgage-Backed Securities	57,437	2,837	2,097	-	58,177
Municipals	20,267	19	-	-	20,286
<b>Subtotals</b>	<b>\$ 1,119,604</b>	<b>\$ 460,057</b>	<b>\$ 55,893</b>	<b>\$ 419,554</b>	<b>\$ 1,104,214</b>
	Beginning Balance	Deposits		Withdrawals	Ending Balance
<b>Cash</b>					
Demand Accounts	\$ 1,028			893	135
Petty Cash & Payroll	15				15
Overnight Investment	(1) (5,300)	1,787			(3,513)
<b>Subtotals</b>	<b>\$ (4,257)</b>	<b>\$ 1,787</b>	<b>\$ -</b>	<b>\$ 893</b>	<b>\$ (3,363)</b>
<b>Total</b>	<b>\$ 1,115,347</b>	<b>\$ 461,844</b>	<b>\$ 55,893</b>	<b>\$ 420,447</b>	<b>\$ 1,100,851</b>

(1) Includes investment of outstanding checks.

Attachment 4  
**Duration Report**  
**August 31, 2017**

(\$ in Thousands)

<b>Securities Available for Metropolitan's Self-Liquidity Program</b>	<b>Market Value</b>	<b>Duration (1)</b>
US Treasury Bills	\$ 61,080	0.285
US Treasury Notes	238,351	2.115
US Treasury Strips	12,924	4.173
Federal Agency Coupons	17,184	2.452
Federal Agency Strips	2,600	6.753
Federal Agency Discount Notes	37,647	0.157
Shares of Beneficial Interest	754	0.000
California Local Agency Investment Fund	32,026	0.000
Commercial Paper	163,727	0.138
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	263,944	0.116
Medium Term Notes	120,371	1.765
Municipal Bonds	717	0.652
Municipal Discount Bonds	684	6.850
Gov't National Mtge Assoc.	3	4.300
Asset Backed	-	-
Mortgage Backed	54,717	2.456
<b>Total</b>	<b><u><u>\$ 1,006,729</u></u></b>	
<b>Weighted Average Duration</b>		<b>1.039</b>

- (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.