



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



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: October 9, 2017
To: Finance and Insurance Committee
From: Gary Breaux, Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report September 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
September 30, 2017

		Market Value		Duration		Monthly Return		Fiscal YTD Return		Annualized Return *Inception-to-Date	
		(\$ in Thousands)		MWD	Benchmark	MWD	Benchmark	MWD	Benchmark	MWD	Benchmark
Short-Term	(1)	\$	779,846	0.19	0.24	0.09%	0.09%	0.32%	0.27%	1.87%	1.30%
Long-Term	(2)		346,956	2.70	2.68	(0.28%)	(0.29%)	0.42%	0.38%	3.48%	3.03%
Total Core Funds		\$	1,126,802								
Other Funds	(3)		41,497	4.53		(0.43%)		0.53%		7.38%	
Total		\$	<u>1,168,299</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
September 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"	\$ 342,703	\$ 340,571	29.33%	100%
Gov't National Mtge Assoc.	(1)	"AAA"	4	3	0.00%	100%
Federal Agencies	(2)	"AAA"	133,720	133,767	11.45%	100%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	50%
Bankers' Acceptances		"F1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	219,740	219,756	18.81%	25%
Negotiable Certificates of Deposit		"F1 or higher"	233,692	233,679	20.00%	30%
Time Deposits		"F1 or better"	-	-	0.00%	N/A
Shares of Beneficial Interest		"AAA"	190	190	0.02%	20%
California Local Agency Investment Fund	(5)		33,526	33,526	2.87%	N/A
Medium Term Notes		"A or higher"	127,624	127,569	10.92%	30%
Asset & Mortgage-Backed Securities		"AAA"	54,827	55,129	4.69%	20%
Municipals	(4)	"A or higher"	22,273	20,303	1.91%	30%
Total Portfolio			<u>\$ 1,168,299</u>	<u>\$ 1,164,493</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) \$7.614 million (market value) of the municipal bond portfolio was rated AAA.
- (5) \$65 million maximum allowed by California Local Agency Investment Fund.

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

(Shown at Book Value and \$ in Thousands)

	Beginning Balance	Purchases	Sales	Maturities	Ending Balance
United States Treasuries	\$ 345,502	\$ 8,480	\$ 3,411	\$ 10,000	\$ 340,571
Gov't National Mtge Assoc.	3	-	-	-	3
Federal Agencies	60,890	81,527	3,250	5,400	133,767
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	-	-	-	-	-
Commercial Paper	174,434	252,287	-	206,965	219,756
Negotiable Certificates of Deposit	281,355	49,999	-	97,675	233,679
Time Deposits	-	-	-	-	-
Shares of Beneficial Interest	804	2,813	3,427	-	190
California Local Agency Investment Fund	33,980	12,137	12,591	-	33,526
Medium Term Notes	128,783	38,802	14,129	25,887	127,569
Asset & Mortgage-Backed Securities	58,177	-	3,048	-	55,129
Municipals	20,286	17	-	-	20,303
Subtotals	\$ 1,104,214	\$ 446,062	\$ 39,856	\$ 345,927	\$ 1,164,493
	Beginning Balance	Deposits		Withdrawals	Ending Balance
Cash					
Demand Accounts	\$ 135			107	28
Petty Cash & Payroll	15				15
Overnight Investment	(1) (3,513)	3,513			-
Subtotals	\$ (3,363)	\$ 3,513	\$ -	\$ 107	\$ 43
Total	\$ 1,100,851	\$ 449,575	\$ 39,856	\$ 346,034	\$ 1,164,536

(1) Includes investment of outstanding checks.

Attachment 4
Duration Report
September 30, 2017

(\$ in Thousands)

Securities Available for Metropolitan's Self-Liquidity Program	Market Value	Duration (1)
US Treasury Bills	\$ 61,292	0.203
US Treasury Notes	233,360	2.186
US Treasury Strips	12,888	4.088
Federal Agency Coupons	85,736	0.516
Federal Agency Strips	2,608	6.671
Federal Agency Discount Notes	37,778	0.074
Shares of Beneficial Interest	178	0.000
California Local Agency Investment Fund	31,680	0.000
Commercial Paper	206,971	0.163
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	219,572	0.067
Medium Term Notes	119,493	1.804
Municipal Bonds	716	0.568
Municipal Discount Bonds	678	6.763
Gov't National Mtge Assoc.	3	4.249
Asset Backed	-	-
Mortgage Backed	51,809	2.269
Total	<u>\$ 1,064,762</u>	
Weighted Average Duration		0.964

- (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.