



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



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: November 13, 2017
To: Finance and Insurance Committee
From: Gary Breaux, Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report October 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
October 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)	\$ 784,145	0.23	0.23	0.09%	0.09%	0.41%	0.35%	1.87%	1.30%
Long-Term	(2)	347,168	2.73	2.65	0.01%	(0.06%)	0.43%	0.32%	3.46%	3.01%
Total Core Funds		\$ 1,131,313								
Other Funds	(3)	41,498	4.48		0.17%		0.70%		7.35%	
Total		<u>\$ 1,172,811</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
October 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"	\$ 356,396	\$ 354,735	30.39%	100%
Gov't National Mtge Assoc.	(1)	"AAA"	3	3	0.00%	100%
Federal Agencies	(2)	"AAA"	182,069	182,148	15.52%	100%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	50%
Bankers' Acceptances		"F1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	252,844	252,847	21.56%	25%
Negotiable Certificates of Deposit		"F1 or higher"	135,306	135,300	11.54%	30%
Time Deposits		"F1 or better"	-	-	0.00%	N/A
Shares of Beneficial Interest		"AAA"	892	892	0.08%	20%
California Local Agency Investment Fund	(4)		53,868	53,868	4.59%	N/A
Medium Term Notes		"A or higher"	120,124	120,136	10.24%	30%
Asset & Mortgage-Backed Securities		"AAA"	48,981	49,310	4.18%	20%
Municipals	(5)	"A or higher"	22,328	20,321	1.90%	30%
Total Portfolio			<u>\$ 1,172,811</u>	<u>\$ 1,169,560</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) \$65 million maximum allowed by California Local Agency Investment Fund.
- (5) \$7.604 million (market value) of the municipal bond portfolio was rated AAA.

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

(Shown at Book Value and \$ in Thousands)

	Beginning Balance	Purchases	Sales	Maturities	Ending Balance
United States Treasuries	\$ 340,571	\$ 34,857	\$ 20,693	\$ -	\$ 354,735
Gov't National Mtge Assoc.	3	-	-	-	3
Federal Agencies	133,767	99,291	25,110	25,800	182,148
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	-	-	-	-	-
Commercial Paper	219,756	389,775	-	356,684	252,847
Negotiable Certificates of Deposit	233,679	130,609	-	228,988	135,300
Time Deposits	-	-	-	-	-
Shares of Beneficial Interest	190	3,405	2,703	-	892
California Local Agency Investment Fund	33,526	26,720	6,378	-	53,868
Medium Term Notes	127,569	48,776	3,190	53,019	120,136
Asset & Mortgage-Backed Securities	55,129	-	5,819	-	49,310
Municipals	20,303	18	-	-	20,321
Subtotals	\$ 1,164,493	\$ 733,451	\$ 63,893	\$ 664,491	\$ 1,169,560
	Beginning Balance	Deposits		Withdrawals	Ending Balance
Cash					
Demand Accounts	\$ 28	172			200
Petty Cash & Payroll	15				15
Overnight Investment	(1)			4,300	(4,300)
Subtotals	\$ 43	\$ 172	\$ -	\$ 4,300	\$ (4,085)
Total	\$ 1,164,536	\$ 733,623	\$ 63,893	\$ 668,791	\$ 1,165,475

(1) Includes investment of outstanding checks.

Attachment 4
Duration Report
October 31, 2017

(\$ in Thousands)

Securities Available for Metropolitan's Self-Liquidity Program	Market Value	Duration (1)
US Treasury Bills	\$ 47,173	0.165
US Treasury Notes	260,509	2.013
US Treasury Strips	12,874	4.003
Federal Agency Coupons	65,378	1.561
Federal Agency Strips	2,625	6.595
Federal Agency Discount Notes	103,837	0.015
Shares of Beneficial Interest	841	0.000
California Local Agency Investment Fund	50,911	0.000
Commercial Paper	238,612	0.079
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	127,217	0.029
Medium Term Notes	111,547	1.978
Municipal Bonds	713	0.495
Municipal Discount Bonds	686	6.684
Gov't National Mtge Assoc.	3	4.197
Asset Backed	-	-
Mortgage Backed	46,293	2.445
Total	<u>\$ 1,069,219</u>	
Weighted Average Duration		0.997

- (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.