



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



THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

**Date:** December 11, 2017  
**To:** Finance and Insurance Committee  
**From:** Gary Breaux, Assistant General Manager/Chief Financial Officer  
**Subject:** Treasurer's Monthly Report November 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**  
**November 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)	\$ 560,892	0.23	0.24	0.05%	0.08%	0.46%	0.44%	1.86%	1.30%
Long-Term	(2)	346,480	2.71	2.67	(0.18%)	(0.28%)	0.25%	0.04%	3.43%	2.98%
Total Core Funds		\$ 907,372								
Other Funds	(3)	41,249	4.40		(0.51%)		0.18%		7.24%	
Total		<u>\$ 948,621</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**  
**November 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"	\$ 350,238	\$ 349,407	36.92%	100%
Gov't National Mtge Assoc.	(1)	"AAA"	3	3	0.00%	100%
Federal Agencies	(2)	"AAA"	62,171	62,420	6.55%	100%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	50%
Bankers' Acceptances		"F1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	173,951	173,955	18.34%	25%
Negotiable Certificates of Deposit		"F1 or higher"	100,687	100,686	10.61%	30%
Time Deposits		"F1 or better"	-	-	0.00%	N/A
Shares of Beneficial Interest		"AAA"	321	321	0.03%	20%
California Local Agency Investment Fund	(4)		53,486	53,486	5.64%	N/A
Medium Term Notes		"A or higher"	130,289	130,707	13.74%	30%
Asset & Mortgage-Backed Securities		"AAA"	55,332	55,772	5.83%	20%
Municipals	(5)	"A or higher"	22,143	20,338	2.34%	30%
Total Portfolio			<u>\$ 948,621</u>	<u>\$ 947,095</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) \$7.565 million (market value) of the municipal bond portfolio was rated AAA.

Attachment 3  
**Summary Report of Investment & Cash Activity**  
**November 30, 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	\$ 354,735	\$ 4,728	\$ 10,056	\$ -	\$ 349,407
Gov't National Mtge Assoc.	3	-	-	-	3
Federal Agencies	182,148	5,162	15,004	109,886	62,420
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	-	-	-	-	-
Commercial Paper	252,847	230,539	-	309,431	173,955
Negotiable Certificates of Deposit	135,300	75,936	-	110,550	100,686
Time Deposits	-	-	-	-	-
Shares of Beneficial Interest	892	3,645	4,216	-	321
California Local Agency Investment Fund	53,868	4,985	5,367	-	53,486
Medium Term Notes	120,136	57,926	40	47,315	130,707
Asset & Mortgage-Backed Securities	49,310	9,516	3,054	-	55,772
Municipals	20,321	17	-	-	20,338
<b>Subtotals</b>	<b>\$ 1,169,560</b>	<b>\$ 392,454</b>	<b>\$ 37,737</b>	<b>\$ 577,182</b>	<b>\$ 947,095</b>
	Beginning Balance	Deposits		Withdrawals	Ending Balance
<b>Cash</b>					
Demand Accounts	\$ 200			185	15
Petty Cash & Payroll	15				15
Overnight Investment	(1) (4,300)	2,067			(2,233)
<b>Subtotals</b>	<b>\$ (4,085)</b>	<b>\$ 2,067</b>	<b>\$ -</b>	<b>\$ 185</b>	<b>\$ (2,203)</b>
<b>Total</b>	<b>\$ 1,165,475</b>	<b>\$ 394,521</b>	<b>\$ 37,737</b>	<b>\$ 577,367</b>	<b>\$ 944,892</b>

(1) Includes investment of outstanding checks.

Attachment 4  
**Duration Report**  
**November 30, 2017**

(\$ in Thousands)

<b>Securities Available for Metropolitan's Self-Liquidity Program</b>	<b>Market Value</b>	<b>Duration (1)</b>
US Treasury Bills	\$ 46,573	0.082
US Treasury Notes	251,345	1.995
US Treasury Strips	12,639	3.917
Federal Agency Coupons	45,838	1.594
Federal Agency Strips	2,581	6.507
Federal Agency Discount Notes	9,313	0.087
Shares of Beneficial Interest	299	0.000
California Local Agency Investment Fund	49,867	0.000
Commercial Paper	161,830	0.053
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	93,547	0.040
Medium Term Notes	119,182	1.760
Municipal Bonds	701	0.413
Municipal Discount Bonds	666	6.594
Gov't National Mtge Assoc.	3	4.147
Asset Backed	-	-
Mortgage Backed	51,588	2.389
<b>Total</b>	<b>\$ 845,972</b>	
<b>Weighted Average Duration</b>		<b>1.177</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.