



- 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 2018                 |
| Attachment 2 & 2a: | Portfolio Summary Report – August 2018                     |
| Attachment 3:      | Summary Report of Investment & Cash Activity – August 2018 |
| Attachment 4:      | Duration Report – August 2018                              |



THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

**Date:** September 10, 2018  
**To:** Finance and Insurance Committee  
**From:** June Skillman, Interim Assistant General Manager/Chief Financial Officer  
**Subject:** Treasurer's Monthly Report August 2018

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 Board 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, 2018. Metropolitan has sufficient liquidity to pay for the next six months of expenditures.

A handwritten signature in black ink, appearing to be "June Skillman", with a long horizontal line extending to the right.

June Skillman

JS:mt

Attachments

Attachment 1  
**The Metropolitan Water District of Southern California (MWD)**  
**Portfolio Performance Report**  
**August 31, 2018**

		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)	\$ 550,575	0.20	0.24	0.20%	0.18%	0.34%	0.34%	1.86%	1.32%
Long-Term	(2)	347,933	2.65	2.63	0.46%	0.44%	0.47%	0.43%	3.29%	2.85%
Total Core Funds		\$ 898,508								
Other Funds	(3)	30,125	3.45		0.40%		0.39%		7.16%	
Total		<u>\$ 928,633</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, 2018**

(\$ 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"	\$ 274,791	\$ 276,113	29.59%	100%
Gov't National Mtge Assoc.	(1)	"AAA"	3	2	0.00%	100%
Federal Agencies	(2)	"AAA"	47,960	48,589	5.16%	100%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	50%
Bankers' Acceptances		"F1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	183,453	183,470	19.76%	25%
Negotiable Certificates of Deposit		"F1 or higher"	159,449	159,426	17.17%	30%
Time Deposits		"F1 or better"	-	-	0.00%	N/A
Shares of Beneficial Interest		"AAA"	437	437	0.05%	20%
California Local Agency Investment Fund	(4)		54,556	54,556	5.88%	N/A
Medium Term Notes		"A or higher"	133,389	134,876	14.36%	30%
Asset & Mortgage-Backed Securities		"AAA"	64,271	65,143	6.92%	20%
Municipals	(5)	"A or higher"	10,324	9,080	1.11%	30%
Total Portfolio			<u>\$ 928,633</u>	<u>\$ 931,692</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) \$1.3 million (market value) of the municipal bond portfolio was rated AAA.

Attachment 2a  
**Portfolio Summary Report**  
**August 31, 2018**  
(\$ in Thousands)

Credit Ratings		Medium Term Notes	Maturity Date	Market Value	Book Value
Moody's	S&P				
Baa1	A-	United Technologies Corp	5/4/2022	\$ 1,927	\$ 1,997
				\$ 1,927	\$ 1,997

Attachment 3  
**Summary Report of Investment & Cash Activity**  
**August 31, 2018**

(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	\$ 288,217	\$ 69,360	\$ 8,918	\$ 72,546	\$ 276,113
Gov't National Mtge Assoc.	2	-	-	-	2
Federal Agencies	44,848	13,155	47	9,367	48,589
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	-	-	-	-	-
Commercial Paper	204,235	470,378	-	491,143	183,470
Negotiable Certificates of Deposit	168,009	123,427	-	132,010	159,426
Time Deposits	-	-	-	-	-
Shares of Beneficial Interest	1,092	3,555	4,210	-	437
California Local Agency Investment Fund	40,597	24,927	10,968	-	54,556
Medium Term Notes	108,300	45,006	3,575	14,855	134,876
Asset & Mortgage-Backed Securities	64,097	3,731	2,685	-	65,143
Municipals	9,064	16	-	-	9,080
<b>Subtotals</b>	<b>\$ 928,461</b>	<b>\$ 753,555</b>	<b>\$ 30,403</b>	<b>\$ 719,921</b>	<b>\$ 931,692</b>
	Beginning Balance	Deposits		Withdrawals	Ending Balance
<b>Cash</b>					
Demand Accounts	\$ 6,131			1,662	4,469
Petty Cash & Payroll	15				15
Overnight Investment	(1) (3,500)	3,500			-
<b>Subtotals</b>	<b>\$ 2,646</b>	<b>\$ 3,500</b>	<b>\$ -</b>	<b>\$ 1,662</b>	<b>\$ 4,484</b>
<b>Total</b>	<b>\$ 931,107</b>	<b>\$ 757,055</b>	<b>\$ 30,403</b>	<b>\$ 721,583</b>	<b>\$ 936,176</b>

(1) Includes investment of outstanding checks.

Attachment 4  
**Duration Report**  
**August 31, 2018**

(\$ in Thousands)

<b>Securities Available for Metropolitan's Self-Liquidity Program</b>	<b>Market Value</b>	<b>Duration (1)</b>
US Treasury Bills	\$ 32,445	0.176
US Treasury Notes	194,781	2.578
US Treasury Strips	12,548	3.165
Federal Agency Coupons	32,825	1.157
Federal Agency Strips	2,081	7.057
Federal Agency Discount Notes	9,303	0.008
Shares of Beneficial Interest	403	0.000
California Local Agency Investment Fund	50,754	0.000
Commercial Paper	170,116	0.128
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	147,915	0.171
Medium Term Notes	122,252	1.439
Municipal Bonds	-	-
Municipal Discount Bonds	675	5.850
Gov't National Mtge Assoc.	2	3.693
Asset Backed	-	-
Mortgage Backed	59,793	2.245
<b>Total</b>	<b>\$ 835,893</b>	
<b>Weighted Average Duration</b>		<b>1.150</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.