



- 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 – February 2019 |
| Attachment 2: | Portfolio Summary Report – February 2019 |
| Attachment 3: | Summary Report of Investment & Cash Activity – February 2019 |
| Attachment 4: | Duration Report – February 2019 |



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: March 11, 2019
To: Finance and Insurance Committee
From: June Skillman, Interim Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report February 2019

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 blue ink, appearing to read "June Skillman", with a long horizontal stroke extending to the right.

June Skillman

JS:mt

Attachments

Attachment 1
The Metropolitan Water District of Southern California (MWD)
Portfolio Performance Report
February 28, 2019

		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)	\$	728,057	0.28	0.17	0.21%	0.18%	1.63%	1.44%	1.88%	1.34%
Long-Term	(2)		354,770	2.57	2.50	0.13%	0.10%	2.43%	2.33%	3.31%	2.88%
Total Core Funds		\$	1,082,827								
Other Funds	(3)		22,882	2.42		0.09%		2.23%		6.86%	
Total		\$	1,105,709								

(1) The Short-Term Portfolio Benchmark is the ICE BofAML, 3-Month Treasury Bill Index.

(2) The Long-Term Portfolio Benchmark is the ICE BofAML, 1 - 5 years US Corporate and Government Index, A Rated and Higher.

(3) Debt Service Reserve Funds and Lake Mathews Trust.

* Inception Date 5/01/2002

Attachment 2
Portfolio Summary Report
February 28, 2019

(\$ 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"	\$ 355,862	\$ 355,255	32.19%	100%
Gov't National Mtge Assoc.	(1)	"AAA"	2	2	0.00%	100%
Federal Agencies	(2)	"AAA"	62,948	63,346	5.69%	100%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	50%
Bankers' Acceptances		"F1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	140,783	140,772	12.73%	25%
Negotiable Certificates of Deposit		"F1 or higher"	189,533	189,464	17.14%	30%
Time Deposits		"F1 or better"	-	-	0.00%	N/A
Shares of Beneficial Interest		"AAA"	26,669	26,669	2.41%	20%
California Local Agency Investment Fund	(4)		28,667	28,667	2.59%	N/A
Medium Term Notes		"A or higher"	231,843	232,422	20.97%	30%
Asset & Mortgage-Backed Securities		"AAA"	66,885	67,162	6.05%	20%
Municipals	(5)	"A or higher"	2,517	2,205	0.23%	30%
Total Portfolio			<u>\$ 1,105,709</u>	<u>\$ 1,105,964</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) \$0.650 million (market value) of the municipal bond portfolio was rated AAA.

Attachment 3
Summary Report of Investment & Cash Activity
February 28, 2019

(Shown at Book Value and \$ in Thousands)

	Beginning Balance	Purchases	Sales	Maturities	Ending Balance
United States Treasuries	\$ 274,859	\$ 180,898	\$ 79,079	\$ 21,423	\$ 355,255
Gov't National Mtge Assoc.	2	-	-	-	2
Federal Agencies	167,313	19,359	103,326	20,000	63,346
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	-	-	-	-	-
Commercial Paper	162,394	288	21,910	-	140,772
Negotiable Certificates of Deposit	185,365	39,099	35,000	-	189,464
Time Deposits	-	-	-	-	-
Shares of Beneficial Interest	5,208	40,359	18,898	-	26,669
California Local Agency Investment Fund	57,468	15,599	44,400	-	28,667
Medium Term Notes	179,928	72,698	16,497	3,707	232,422
Asset & Mortgage-Backed Securities	61,968	6,362	1,168	-	67,162
Municipals	2,201	4	-	-	2,205
Subtotals	\$ 1,096,706	\$ 374,666	\$ 320,278	\$ 45,130	\$ 1,105,964
	Beginning Balance	Deposits		Withdrawals	Ending Balance
Cash					
Demand Accounts	\$ 6,430			6,411	19
Petty Cash & Payroll	15				15
Overnight Investment	(1) (1,223)				(1,223)
Subtotals	\$ 5,222	\$ -	\$ -	\$ 6,411	\$ (1,189)
Total	\$ 1,101,928	\$ 374,666	\$ 320,278	\$ 51,541	\$ 1,104,775

(1) Includes investment of outstanding checks.

Attachment 4
Duration Report
February 28, 2019

(\$ in Thousands)

Securities Available for Metropolitan's Self-Liquidity Program	Market Value	Duration (1)
US Treasury Bills	\$ 89,500	0.044
US Treasury Notes	214,910	2.312
US Treasury Strips	12,958	2.678
Federal Agency Coupons	56,957	0.812
Federal Agency Strips	2,177	6.577
Federal Agency Discount Notes	-	-
Shares of Beneficial Interest	24,916	0.000
California Local Agency Investment Fund	27,037	0.000
Commercial Paper	132,777	0.218
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	178,415	0.313
Medium Term Notes	217,812	0.971
Municipal Bonds	-	-
Municipal Discount Bonds	704	5.368
Gov't National Mtge Assoc.	2	3.401
Asset Backed	-	-
Mortgage Backed	63,081	2.442
Total	<u><u>\$ 1,021,246</u></u>	
Weighted Average Duration		1.028

- (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.