



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



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: April 8, 2019
To: Finance and Insurance Committee
From: June Skillman, Interim Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report March 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", is written over a horizontal line.

June Skillman

JS:mt

Attachments

Attachment 1
The Metropolitan Water District of Southern California (MWD)
Portfolio Performance Report
March 31, 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)	\$	773,486	0.36	0.16	0.25%	0.22%	1.88%	1.66%	1.88%	1.35%
Long-Term	(2)		357,526	2.80	2.53	0.87%	0.87%	3.32%	3.22%	3.34%	2.91%
Total Core Funds		\$	1,131,012								
Other Funds	(3)		16,802	0.61		0.80%		3.05%		6.49%	
Total		\$	<u>1,147,814</u>								

(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
March 31, 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"	\$ 306,661	\$ 305,178	26.73%	100%
Gov't National Mtge Assoc.	(1)	"AAA"	2	2	0.00%	100%
Federal Agencies	(2)	"AAA"	100,907	101,140	8.79%	100%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	50%
Bankers' Acceptances		"F1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	122,867	122,911	10.70%	25%
Negotiable Certificates of Deposit		"F1 or higher"	214,522	214,461	18.69%	30%
Time Deposits		"F1 or better"	-	-	0.00%	N/A
Shares of Beneficial Interest		"AAA"	30,130	30,130	2.62%	20%
California Local Agency Investment Fund	(4)		65,000	65,000	5.66%	N/A
Medium Term Notes		"A or higher"	237,547	237,564	20.70%	30%
Asset & Mortgage-Backed Securities		"AAA"	67,649	67,601	5.89%	20%
Municipals	(5)	"A or higher"	2,529	2,209	0.22%	30%
Total Portfolio			<u>\$ 1,147,814</u>	<u>\$ 1,146,196</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) \$0.648 million (market value) of the municipal bond portfolio was rated AAA.

Attachment 3
Summary Report of Investment & Cash Activity
March 31, 2019

(Shown at Book Value and \$ in Thousands)

	Beginning Balance	Purchases	Sales	Maturities	Ending Balance
United States Treasuries	\$ 355,255	\$ 111,949	\$ 112,026	\$ 50,000	\$ 305,178
Gov't National Mtge Assoc.	2	-	-	-	2
Federal Agencies	63,346	37,794	-	-	101,140
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	-	-	-	-	-
Commercial Paper	140,772	10,086	27,947	-	122,911
Negotiable Certificates of Deposit	189,464	84,998	60,001	-	214,461
Time Deposits	-	-	-	-	-
Shares of Beneficial Interest	26,669	77,613	74,152	-	30,130
California Local Agency Investment Fund	28,667	36,333	-	-	65,000
Medium Term Notes	232,422	42,642	10,797	26,703	237,564
Asset & Mortgage-Backed Securities	67,162	3,403	2,964	-	67,601
Municipals	2,205	4	-	-	2,209
Subtotals	\$ 1,105,964	\$ 404,822	\$ 287,887	\$ 76,703	\$ 1,146,196
	Beginning Balance	Deposits		Withdrawals	Ending Balance
Cash					
Demand Accounts	\$ 19	444			463
Petty Cash & Payroll	15				15
Overnight Investment	(1) (1,223)				(1,223)
Subtotals	\$ (1,189)	\$ 444	\$ -	\$ -	\$ (745)
Total	\$ 1,104,775	\$ 405,266	\$ 287,887	\$ 76,703	\$ 1,145,451

(1) Includes investment of outstanding checks.

Attachment 4
Duration Report
March 31, 2019

(\$ in Thousands)

Securities Available for Metropolitan's Self-Liquidity Program	Market Value	Duration (1)
US Treasury Bills	\$ 54,614	0.144
US Treasury Notes	218,496	2.519
US Treasury Strips	13,849	4.024
Federal Agency Coupons	66,643	0.905
Federal Agency Strips	2,216	6.499
Federal Agency Discount Notes	26,256	0.307
Shares of Beneficial Interest	17,867	0.000
California Local Agency Investment Fund	61,420	0.000
Commercial Paper	116,100	0.200
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	202,366	0.385
Medium Term Notes	224,256	1.052
Municipal Bonds	-	-
Municipal Discount Bonds	711	5.287
Gov't National Mtge Assoc.	2	3.352
Asset Backed	-	-
Mortgage Backed	63,924	2.460
Total	<u><u>\$ 1,068,720</u></u>	
Weighted Average Duration		1.118

- (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.