



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



THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

**Date:** September 9, 2019  
**To:** Finance and Insurance Committee  
**From:** Katano Kasaine, Assistant General Manager/Chief Financial Officer  
**Subject:** Treasurer's Monthly Report August 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 11, 2019. Metropolitan has sufficient liquidity to pay for the next six months of expenditures.

A handwritten signature in blue ink that reads "Katano Kasaine".

Katano Kasaine

KK:mt

Attachments

Attachment 1  
**The Metropolitan Water District of Southern California (MWD)**  
**Portfolio Performance Report**  
**August 31, 2019**

	Market Value (\$ in Thousands)	Duration		Monthly Return		Fiscal YTD Return		Annualized Return *Inception-to-Date	
		MWD	Benchmark	MWD	Benchmark	MWD	Benchmark	MWD	Benchmark
Liquidity	(1) \$ 645,736	0.50	0.24	0.28%	0.21%	0.47%	0.39%	1.90%	1.38%
Core	(2) 187,202	2.47	2.61	1.10%	1.15%	1.10%	1.03%	3.52%	3.01%
Liquidity and Core	\$ 832,938								
Other Funds	(3) 5,645	1.67		0.44%		0.68%		4.63%	
Total	<u>\$ 838,583</u>								

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

(2) The Core 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**  
**August 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"	\$ 110,023	\$ 107,877	13.12%	100%
Mortgage-Backed Securities		"AAA"	64,574	63,578	7.70%	100%
Federal Agencies	(2)	"AAA"	52,592	52,586	6.27%	100%
Supra-National Agency Bond / Note		"AA or higher"	10,003	9,980	1.19%	30%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	20%
Bankers' Acceptances		"A1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	69,631	69,599	8.30%	25%
Negotiable Certificates of Deposit		"A1 or higher"	123,159	123,014	14.69%	30%
Time Certificates of Deposits			-	-	0.00%	30%
Money Market Funds		"AAA"	43,105	43,105	5.14%	20%
California Asset Management Program	(4)		50,020	50,020	5.97%	20%
California Local Agency Investment Fund	(5)		65,000	65,000	7.75%	N/A
Medium Term Notes		"A or higher"	243,858	242,395	29.08%	30%
Asset-Backed Securities		"AA or higher"	4,476	4,475	0.53%	20%
Municipals	(6)	"A or higher"	2,142	1,788	0.26%	30%
Total Portfolio			<u>\$ 838,583</u>	<u>\$ 833,417</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) California Asset Management Program is a short-term portfolio and cash management vehicle permitted under California Government Code Section 53601(p).
- (5) \$65 million maximum allowed by California Local Agency Investment Fund.
- (6) \$0.197 million (market value) of the municipal bond portfolio was rated AAA.

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

(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	\$ 69,634	\$ 51,311	\$ 13,068	\$ -	\$ 107,877
Mortgage-Backed Securities	60,888	4,602	1,912	-	63,578
Federal Agencies	52,584	2	-	-	52,586
Supra-National Agency Bond / Note	9,979	1	-	-	9,980
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	-	-	-	-	-
Commercial Paper	69,592	19,969	19,962	-	69,599
Negotiable Certificates of Deposit	168,015	19,999	55,000	10,000	123,014
Time Deposits	-	-	-	-	-
Money Market Funds	15,678	77,219	49,792	-	43,105
California Asset Management Program	50,000	20	-	-	50,020
California Local Agency Investment Fund	65,000	-	-	-	65,000
Medium Term Notes	267,976	-	20,581	5,000	242,395
Asset-Backed Securities	-	4,475	-	-	4,475
Municipals	1,782	6	-	-	1,788
<b>Subtotals</b>	<b>\$ 831,128</b>	<b>\$ 177,604</b>	<b>\$ 160,315</b>	<b>\$ 15,000</b>	<b>\$ 833,417</b>
	Beginning Balance	Deposits		Withdrawals	Ending Balance
<b>Cash</b>					
Demand Accounts	\$ 5	16,579			16,584
Petty Cash & Payroll	15				15
Overnight Investment	(1)	(1,900)	1,900		-
<b>Subtotals</b>	<b>\$ (1,880)</b>	<b>\$ 18,479</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 16,599</b>
<b>Total</b>	<b>\$ 829,248</b>	<b>\$ 196,083</b>	<b>\$ 160,315</b>	<b>\$ 15,000</b>	<b>\$ 850,016</b>

(1) Includes investment of outstanding checks.

Attachment 4  
**Duration Report**  
**August 31, 2019**

(\$ in Thousands)

<b>Securities Available for Metropolitan's Self-Liquidity Program</b>	<b>Market Value</b>	<b>Duration (1)</b>
US Treasury Bills	\$ 36,781	0.041
US Treasury Notes	48,093	3.260
US Treasury Strips	13,084	2.191
Federal Agency Coupons	48,167	0.893
Federal Agency Strips	-	-
Federal Agency Discount Notes	-	-
Supra-National Agency Bond / Note	9,205	0.161
Money Market Funds	39,241	0.000
California Local Agency Investment Fund	59,815	0.000
California Asset Management Program	46,029	0.000
Commercial Paper	64,076	0.363
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	113,334	0.489
Medium Term Notes	224,404	1.137
Municipal Bonds	-	-
Municipal Discount Bonds	719	4.887
Gov't National Mtge Assoc.	-	-
Asset Backed	4,119	2.576
Mortgage Backed	59,423	2.115
Total	<u>\$ 766,490</u>	
Weighted Average Duration		0.920

- (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.