THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Report

Office of the CFO

- 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

Attachment 1:	Portfolio Performance Report – September 2019
Attachment 2:	Portfolio Summary Report – September 2019
Attachment 3:	Summary Report of Investment & Cash Activity – September 2019
Attachment 4:	Duration Report – September 2019

Date of Report: 10/7/2019

THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: October 7, 2019

To: Finance and Insurance Committee

From: Katano Kasaine, Assistant General Manager/Chief Financial Officer

Subject: Treasurer's Monthly Report September 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.

Katano Kasaine

KK:mt

Attachments

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Attachment 1

The Metropolitan Water District of Southern California (MWD)
Portfolio Performance Report
September 30, 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)	$ 687,093	0.51	0.23	0.14%	0.18%	0.60%	0.56%	1.91%	1.38%
Core	(2)	187,030	2.43	2.60	(0.13%)	(0.20%)	0.97%	0.82%	3.50%	2.99%
Liquidity and Core		$ 874,123								
Other Funds	(3)	5,640	1.59		(0.11%)		0.57%		4.60%	
Total		$ 879,763								

(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
September 30, 2019

($ in Thousands)

Securities		Credit Quality	Market Value	Book Value	Percent of Portfolio Market Value	Investment Policy Limits
United States Treasuries	(1,2)	"AAA"	$ 79,510	$ 77,722	9.04%	100%
Mortgage-Backed Securities		"AAA"	63,443	62,665	7.21%	100%
Federal Agencies	(2)	"AAA"	62,586	62,576	7.11%	100%
Supranationals		"AA or higher"	24,834	24,814	2.82%	30%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	20%
Bankers' Acceptances		"A1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	79,500	79,483	9.04%	25%
Negotiable Certificates of Deposit		"A1 or higher"	143,143	143,013	16.27%	30%
Time Certificates of Deposits			-	-	0.00%	30%
Money Market Funds		"AAA"	76,352	76,352	8.68%	20%
California Asset Management Program	(4)		50,117	50,117	5.70%	20%
California Local Agency Investment Fund	(5)		65,000	65,000	7.39%	N/A
Medium Term Notes		"A or higher"	225,479	224,260	25.63%	30%
Asset-Backed Securities		"AA or higher"	7,675	7,675	0.87%	20%
Municipals	(6)	"A or higher"	2,124	1,794	0.24%	30%
Total Portfolio			$ 879,763	$ 875,471	100.00%	

(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) $0.195 million (market value) of the municipal bond portfolio was rated AAA.

Attachment 3

Summary Report of Investment & Cash Activity
September 30, 2019

(Shown at Book Value and $ in Thousands)

	Beginning Balance	Purchases & Amortization	Sales	Maturities	Ending Balance
United States Treasuries	$ 107,877	$ 19,405	$ 14,560	$ 35,000	$ 77,722
Mortgage-Backed Securities	63,578	1,029	1,942	-	62,665
Federal Agencies	52,586	42,971	9,981	23,000	62,576
Supranationals	9,980	14,834	-	-	24,814
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	-	-	-	-	-
Commercial Paper	69,599	19,847	9,963	-	79,483
Negotiable Certificates of Deposit	123,014	29,999	10,000	-	143,013
Time Deposits	-	-	-	-	-
Money Market Funds	43,105	118,416	85,169	-	76,352
California Asset Management Program	50,020	97	-	-	50,117
California Local Agency Investment Fund	65,000	-	-	-	65,000
Medium Term Notes	242,395	19,446	37,581	-	224,260
Asset-Backed Securities	4,475	3,200	-	-	7,675
Municipals	1,788	6	-	-	1,794
Subtotals	**$ 833,417**	**$ 269,250**	**$ 169,196**	**$ 58,000**	**$ 875,471**

Cash	Beginning Balance	Deposits	Withdrawals	Ending Balance
Demand Accounts	$ 16,584		16,488	96
Petty Cash & Payroll	15			15
Overnight Investment	-			-
Subtotals	**$ 16,599**	**$ -**	**$ -**	**$ 16,488**	**$ 111**
Total	**$ 850,016**	**$ 269,250**	**$ 169,196**	**$ 74,488**	**$ 875,582**

Attachment 4

Duration Report

September 30, 2019

($ in Thousands)

Securities Available for Metropolitan's Self-Liquidity Program	Market Value	Duration (1)
US Treasury Bills	$ -	-
US Treasury Notes	57,025	2.766
US Treasury Strips	13,114	2.108
Federal Agency Coupons	57,575	0.991
Federal Agency Strips	-	-
Federal Agency Discount Notes	-	-
Supranationals	22,937	0.283
Money Market Funds	70,084	0.000
California Local Agency Investment Fund	60,035	0.000
California Asset Management Program	46,289	0.000
Commercial Paper	73,427	0.378
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	132,210	0.462
Medium Term Notes	208,257	1.234
Municipal Bonds	-	-
Municipal Discount Bonds	716	4.801
Gov't National Mtge Assoc.	-	-
Asset Backed	7,089	2.537
Mortgage Backed	58,597	2.143
Total	$ 807,355	
Weighted Average Duration		0.919

(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.