



● **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 – October 2019 |
| Attachment 2: | Portfolio Summary Report – October 2019 |
| Attachment 3: | Summary Report of Investment & Cash Activity – October 2019 |
| Attachment 4: | Duration Report – October 2019 |



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: November 4, 2019
To: Finance and Insurance Committee
From: Katano Kasaine, Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report October 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, appearing to read "Katano Kasaine".

Katano Kasaine

KK:mt

Attachments

Attachment 1
The Metropolitan Water District of Southern California (MWD)
Portfolio Performance Report
October 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) \$ 750,366	0.56	0.24	0.22%	0.19%	0.83%	0.76%	1.91%	1.38%
Core	(2) 187,588	2.34	2.59	0.35%	0.34%	1.31%	1.16%	3.50%	2.99%
Liquidity and Core	\$ 937,954								
Other Funds	(3) 5,646	1.79		0.35%		0.92%		4.60%	
Total	<u>\$ 943,600</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
October 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"	\$ 81,469	\$ 79,609	8.63%	100%
Mortgage-Backed Securities		"AAA"	62,119	61,297	6.58%	100%
Federal Agencies	(2)	"AAA"	75,229	75,179	7.97%	100%
Supranationals		"AA or higher"	32,933	32,903	3.49%	30%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	20%
Bankers' Acceptances		"A1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	91,171	91,118	9.66%	25%
Negotiable Certificates of Deposit		"A1 or higher"	170,143	170,013	18.03%	30%
Time Certificates of Deposits			-	-	0.00%	30%
Money Market Funds		"AAA"	13,849	13,849	1.47%	20%
California Asset Management Program	(4)		120,208	120,208	12.74%	20%
California Local Agency Investment Fund	(5)		65,000	65,000	6.89%	N/A
Medium Term Notes		"A or higher"	210,557	209,125	22.32%	30%
Asset-Backed Securities		"AA or higher"	18,790	18,775	1.99%	20%
Municipals	(6)	"A or higher"	2,132	1,800	0.23%	30%
Total Portfolio			<u>\$ 943,600</u>	<u>\$ 938,876</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) \$0.195 million (market value) of the municipal bond portfolio was rated AAA.

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

(Shown at Book Value and \$ in Thousands)

	Beginning Balance	Purchases & Amortization	Sales	Maturities	Ending Balance
United States Treasuries	\$ 77,722	\$ 34,501	\$ 32,614	\$ -	\$ 79,609
Mortgage-Backed Securities	62,665	4	1,372	-	61,297
Federal Agencies	62,576	27,589	14,986	-	75,179
Supranationals	24,814	32,990	24,901	-	32,903
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	-	-	-	-	-
Commercial Paper	79,483	41,559	29,924	-	91,118
Negotiable Certificates of Deposit	143,013	50,000	23,000	-	170,013
Time Deposits	-	-	-	-	-
Money Market Funds	76,352	47,854	110,357	-	13,849
California Asset Management Program	50,117	100,091	30,000	-	120,208
California Local Agency Investment Fund	65,000	-	-	-	65,000
Medium Term Notes	224,260	-	15,135	-	209,125
Asset-Backed Securities	7,675	11,100	-	-	18,775
Municipals	1,794	6	-	-	1,800
Subtotals	\$ 875,471	\$ 345,694	\$ 282,289	\$ -	\$ 938,876
	Beginning Balance	Deposits		Withdrawals	Ending Balance
Cash					
Demand Accounts	\$ 96			55	41
Petty Cash & Payroll	15				15
Overnight Investment	-				-
Subtotals	\$ 111	\$ -	\$ -	\$ 55	\$ 56
Total	\$ 875,582	\$ 345,694	\$ 282,289	\$ 55	\$ 938,932

Attachment 4
Duration Report
October 31, 2019

(\$ in Thousands)

Securities Available for Metropolitan's Self-Liquidity Program	Market Value	Duration (1)
US Treasury Bills	\$ -	-
US Treasury Notes	59,105	2.678
US Treasury Strips	13,223	2.025
Federal Agency Coupons	69,587	0.937
Federal Agency Strips	-	-
Federal Agency Discount Notes	-	-
Supranationals	30,564	0.746
Money Market Funds	12,384	0.000
California Local Agency Investment Fund	60,326	0.000
California Asset Management Program	111,564	0.000
Commercial Paper	84,614	0.497
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	157,908	0.486
Medium Term Notes	195,415	1.222
Municipal Bonds	-	-
Municipal Discount Bonds	723	4.718
Gov't National Mtge Assoc.	-	-
Asset Backed	17,439	2.707
Mortgage Backed	57,652	2.003
Total	<u>\$ 870,504</u>	
Weighted Average Duration		0.915

(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.