



## ● **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 – November 2020                 |
| Attachment 2: | Portfolio Summary Report – November 2020                     |
| Attachment 3: | Summary Report of Investment & Cash Activity – November 2020 |
| Attachment 4: | Duration Report – November 2020                              |



THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

**Date:** December 7, 2020  
**To:** Finance and Insurance Committee  
**From:** Katano Kasaine, Assistant General Manager/Chief Financial Officer  
**Subject:** Treasurer's Monthly Report November 2020

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 9, 2020. 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**  
**November 30, 2020**

	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) \$ 818,390	0.48	0.24	0.04%	0.01%	0.25%	0.06%	1.89%	1.35%
Core	(2) 196,403	2.32	2.68	0.19%	0.13%	0.53%	0.29%	3.54%	3.06%
Liquidity and Core	\$ 1,014,793								
Other Funds	(3) 5,499	1.75		0.10%		0.21%		4.47%	
Total	<u>\$ 1,020,292</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**  
**November 30, 2020**

(\$ 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"	\$ 101,545	\$ 98,767	9.95%	100%
Mortgage-Backed Securities		"AAA"	49,924	48,879	4.89%	100%
Federal Agencies	(2)	"AAA"	56,369	56,303	5.53%	100%
Supranationals		"AA or higher"	49,333	49,311	4.84%	30%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	20%
Bankers' Acceptances		"A1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	87,415	87,410	8.57%	25%
Negotiable Certificates of Deposit		"A1 or higher"	134,897	134,700	13.22%	30%
Bank Deposits			-	-	0.00%	30%
Money Market Funds		"AAA"	16,867	16,867	1.65%	20%
California Asset Management Program	(4)		213,901	213,901	20.96%	30%
California Local Agency Investment Fund	(5)		75,000	75,000	7.35%	N/A
Medium Term Notes	(6)	"A or higher"	172,829	170,425	16.94%	30%
Asset-Backed Securities		"AA or higher"	46,296	46,132	4.54%	20%
Municipals	(7)	"A or higher"	15,916	15,584	1.56%	30%
Total Portfolio			<u>\$ 1,020,292</u>	<u>\$ 1,013,279</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) The California Asset Management Program is a program created through a joint powers agency as a pooled short-term portfolio and cash management vehicle for California public agencies. CAMP is a permitted investment for all local agencies under California Government Code Section 53601(p).

(5) \$75 million maximum allowed by California Local Agency Investment Fund.

(6) In March 2020, Delta Airlines (Cusip 247367BH7) security was downgraded by S&P from A- to BB+. In October 2020, Cleveland Electric (Cusip 186108CJ3) security was downgraded by S&P from A- to BBB. Management had determined to hold securities to maturity.

(7) \$4.769 million (market value) of the municipal bond portfolio was rated AAA by two nationally recognized rating agencies.

Attachment 3  
**Summary Report of Investment & Cash Activity**  
**November 30, 2020**

(Shown at Book Value and \$ in Thousands)

	<b>Beginning Balance</b>	<b>Purchases &amp; Amortization</b>	<b>Sales</b>	<b>Maturities</b>	<b>Ending Balance</b>
United States Treasuries	\$ 106,879	\$ 33	\$ 8,145	\$ -	\$ 98,767
Mortgage-Backed Securities	49,194	2	317	-	48,879
Federal Agencies	55,805	498	-	-	56,303
Supranationals	59,370	-	59	10,000	49,311
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	-	-	-	-	-
Commercial Paper	62,412	24,998	-	-	87,410
Negotiable Certificates of Deposit	114,700	30,000	-	10,000	134,700
Time Deposits	-	-	-	-	-
Money Market Funds	12,061	17,537	12,731	-	16,867
California Asset Management Program	209,238	103,535	98,872	-	213,901
California Local Agency Investment Fund	75,000	-	-	-	75,000
Medium Term Notes	167,640	5,730	-	2,945	170,425
Asset-Backed Securities	49,241	-	3,109	-	46,132
Municipals	7,601	7,983	-	-	15,584
<b>Subtotals</b>	<b>\$ 969,141</b>	<b>\$ 190,316</b>	<b>\$ 123,233</b>	<b>\$ 22,945</b>	<b>\$ 1,013,279</b>
	Beginning Balance	Deposits		Withdrawals	Ending Balance
<b>Cash</b>					
Demand Accounts	\$ 37	138			175
Petty Cash & Payroll	5				5
Overnight Investment	-				-
<b>Subtotals</b>	<b>\$ 42</b>	<b>\$ 138</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 180</b>
<b>Total</b>	<b>\$ 969,183</b>	<b>\$ 190,454</b>	<b>\$ 123,233</b>	<b>\$ 22,945</b>	<b>\$ 1,013,459</b>

Attachment 4  
**Duration Report**  
**November 30, 2020**

(\$ in Thousands)

<b>Securities Available for Metropolitan's Self-Liquidity Program</b>	<b>Market Value</b>	<b>Duration (1)</b>
US Treasury Bills	\$ -	-
US Treasury Notes	81,560	2.345
US Treasury Strips	14,696	0.955
Federal Agency Coupons	51,099	1.269
Federal Agency Strips	-	-
Federal Agency Discount Notes	-	-
Supranationals	46,942	0.545
Money Market Funds	15,598	0.000
California Local Agency Investment Fund	71,364	0.000
California Asset Management Program	203,531	0.000
Commercial Paper	83,177	0.402
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	128,357	0.589
Medium Term Notes	172,829	1.541
Municipal Bonds	13,876	0.275
Municipal Discount Bonds	816	3.657
Gov't National Mtge Assoc.	-	-
Asset Backed	44,052	2.008
Mortgage Backed	47,504	1.107
Total	<u>\$ 975,401</u>	
Weighted Average Duration		0.840

- (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.