



- 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 – December 2020 |
| Attachment 2: | Portfolio Summary Report – December 2020 |
| Attachment 3: | Summary Report of Investment & Cash Activity – December 2020 |
| Attachment 4: | Duration Report – December 2020 |



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: January 11, 2021
To: Finance and Insurance Committee
From: Katano Kasaine, Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report December 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
December 31, 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) \$ 911,000	0.41	0.25	0.03%	0.01%	0.28%	0.07%	1.88%	1.35%
Core	(2) 196,584	2.44	2.66	0.19%	0.11%	0.72%	0.39%	3.53%	3.05%
Liquidity and Core	\$ 1,107,584								
Other Funds	(3) 5,499	1.68		0.06%		0.27%		4.45%	
Total	<u>\$ 1,113,083</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
December 31, 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"	\$ 106,219	\$ 103,614	9.54%	100%
Mortgage-Backed Securities		"AAA"	52,823	51,884	4.75%	100%
Federal Agencies	(2)	"AAA"	54,380	54,299	4.88%	100%
Supranationals		"AA or higher"	54,500	54,487	4.90%	30%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	20%
Bankers' Acceptances		"A1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	87,429	87,425	7.85%	25%
Negotiable Certificates of Deposit		"A1 or higher"	167,860	167,700	15.08%	30%
Bank Deposits			-	-	0.00%	30%
Money Market Funds		"AAA"	10,972	10,972	0.99%	20%
California Asset Management Program	(4)		270,394	270,394	24.29%	30%
California Local Agency Investment Fund	(5)		75,000	75,000	6.74%	N/A
Medium Term Notes	(6)	"A or higher"	174,732	172,332	15.70%	30%
Asset-Backed Securities		"AA or higher"	42,863	42,729	3.85%	20%
Municipals	(7)	"A or higher"	15,911	15,586	1.43%	30%
Total Portfolio			<u>\$ 1,113,083</u>	<u>\$ 1,106,422</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) \$4.768 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
December 31, 2020

(Shown at Book Value and \$ in Thousands)

	Beginning Balance	Purchases & Amortization	Sales	Maturities	Ending Balance
United States Treasuries	\$ 98,767	\$ 18,610	\$ 13,763	\$ -	\$ 103,614
Mortgage-Backed Securities	48,879	13,045	10,040	-	51,884
Federal Agencies	56,303	2,996	-	5,000	54,299
Supranationals	49,311	5,176	-	-	54,487
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	-	-	-	-	-
Commercial Paper	87,410	5,013	4,998	-	87,425
Negotiable Certificates of Deposit	134,700	33,000	-	-	167,700
Time Deposits	-	-	-	-	-
Money Market Funds	16,867	13,560	19,455	-	10,972
California Asset Management Program	213,901	131,367	74,874	-	270,394
California Local Agency Investment Fund	75,000	-	-	-	75,000
Medium Term Notes	170,425	1,907	-	-	172,332
Asset-Backed Securities	46,132	-	3,403	-	42,729
Municipals	15,584	2	-	-	15,586
Subtotals	\$ 1,013,279	\$ 224,676	\$ 126,533	\$ 5,000	\$ 1,106,422
	Beginning Balance	Deposits		Withdrawals	Ending Balance
Cash					
Demand Accounts	\$ 175	46			221
Petty Cash & Payroll	5				5
Overnight Investment	-				-
Subtotals	\$ 180	\$ 46	\$ -	\$ -	\$ 226
Total	\$ 1,013,459	\$ 224,722	\$ 126,533	\$ 5,000	\$ 1,106,648

Attachment 4
Duration Report
December 31, 2020

(\$ in Thousands)

Securities Available for Metropolitan's Self-Liquidity Program	Market Value	Duration (1)
US Treasury Bills	\$ -	-
US Treasury Notes	86,475	2.152
US Treasury Strips	14,696	0.871
Federal Agency Coupons	46,606	1.309
Federal Agency Strips	-	-
Federal Agency Discount Notes	2,867	0.927
Supranationals	52,140	0.609
Money Market Funds	10,043	0.000
California Local Agency Investment Fund	71,752	0.000
California Asset Management Program	258,684	0.000
Commercial Paper	83,643	0.336
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	160,590	0.482
Medium Term Notes	172,829	1.473
Municipal Bonds	13,876	0.191
Municipal Discount Bonds	816	3.572
Gov't National Mtge Assoc.	-	-
Asset Backed	41,006	1.944
Mortgage Backed	50,535	1.784
Total	<u>\$ 1,066,558</u>	
Weighted Average Duration		0.778

(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.