



- 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 – January 2021 |
| Attachment 2: | Portfolio Summary Report – January 2021 |
| Attachment 3: | Summary Report of Investment & Cash Activity – January 2021 |
| Attachment 4: | Duration Report – January 2021 |



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: February 8, 2021
To: Finance and Insurance Committee
From: Katano Kasaine, Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report January 2021

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
January 31, 2021

	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) \$ 906,957	0.48	0.24	0.04%	0.01%	0.32%	0.08%	1.88%	1.34%
Core	(2) 196,455	2.37	2.66	(0.06%)	(0.04%)	0.66%	0.35%	3.51%	3.03%
Liquidity and Core	\$ 1,103,412								
Other Funds	(3) 5,469	1.61		0.09%		0.36%		4.43%	
Total	<u>\$ 1,108,881</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
January 31, 2021

(\$ 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"	\$ 106,042	\$ 103,635	9.56%	100%
Mortgage-Backed Securities		"AAA"	46,927	46,025	4.23%	100%
Federal Agencies	(2)	"AAA"	54,378	54,298	4.91%	100%
Supranationals		"AA or higher"	59,438	59,419	5.36%	30%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	20%
Bankers' Acceptances		"A1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	126,865	126,849	11.44%	25%
Negotiable Certificates of Deposit		"A1 or higher"	187,904	187,700	16.95%	30%
Bank Deposits			-	-	0.00%	30%
Money Market Funds		"AAA"	19,088	19,088	1.72%	20%
California Asset Management Program	(4)		212,911	212,911	19.20%	30%
California Local Agency Investment Fund	(5)		75,000	75,000	6.76%	N/A
Medium Term Notes	(6)	"A or higher"	171,212	169,071	15.44%	30%
Asset-Backed Securities		"AA or higher"	41,769	41,656	3.77%	20%
Municipals	(7)	"A or higher"	7,347	7,012	0.66%	30%
Total Portfolio			<u>\$ 1,108,881</u>	<u>\$ 1,102,664</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) \$0.187 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
January 31, 2021

(Shown at Book Value and \$ in Thousands)

	Beginning Balance	Purchases & Amortization	Sales	Maturities	Ending Balance
United States Treasuries	\$ 103,614	\$ 4,249	\$ 4,228	\$ -	\$ 103,635
Mortgage-Backed Securities	51,884	-	5,859	-	46,025
Federal Agencies	54,299	-	1	-	54,298
Supranationals	54,487	4,932	-	-	59,419
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	-	-	-	-	-
Commercial Paper	87,425	39,424	-	-	126,849
Negotiable Certificates of Deposit	167,700	50,000	10,000	20,000	187,700
Time Deposits	-	-	-	-	-
Money Market Funds	10,972	15,770	7,654	-	19,088
California Asset Management Program	270,394	105,498	162,981	-	212,911
California Local Agency Investment Fund	75,000	-	-	-	75,000
Medium Term Notes	172,332	16,747	10,008	10,000	169,071
Asset-Backed Securities	42,729	2,920	3,993	-	41,656
Municipals	15,586	6	-	8,580	7,012
Subtotals	\$ 1,106,422	\$ 239,546	\$ 204,724	\$ 38,580	\$ 1,102,664
	Beginning Balance	Deposits		Withdrawals	Ending Balance
Cash					
Demand Accounts	\$ 221			221	-
Petty Cash & Payroll	5				5
Overnight Investment	-				-
Subtotals	\$ 226	\$ -	\$ -	\$ 221	\$ 5
Total	\$ 1,106,648	\$ 239,546	\$ 204,724	\$ 38,801	\$ 1,102,669

Attachment 4
Duration Report
January 31, 2021

(\$ in Thousands)

Securities Available for Metropolitan's Self-Liquidity Program	Market Value	Duration (1)
US Treasury Bills	\$ -	-
US Treasury Notes	86,278	2.065
US Treasury Strips	14,696	0.786
Federal Agency Coupons	46,590	1.225
Federal Agency Strips	-	-
Federal Agency Discount Notes	2,867	0.843
Supranationals	56,847	0.646
Money Market Funds	17,831	0.000
California Local Agency Investment Fund	71,730	0.000
California Asset Management Program	203,628	0.000
Commercial Paper	121,334	0.355
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	179,712	0.643
Medium Term Notes	172,829	1.536
Municipal Bonds	13,875	0.417
Municipal Discount Bonds	816	3.489
Gov't National Mtge Assoc.	-	-
Asset Backed	39,948	1.952
Mortgage Backed	44,881	1.922
Total	<u>\$ 1,073,862</u>	
Weighted Average Duration		0.822

- (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.