



- 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 – January 2017                 |
| Attachment 2: | Portfolio Summary Report – January 2017                     |
| Attachment 3: | Summary Report of Investment & Cash Activity – January 2017 |
| Attachment 4: | Duration Report – January 2017                              |



THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

**Date:** February 13, 2017  
**To:** Finance and Insurance Committee  
**From:** Gary Breaux, Assistant General Manager/Chief Financial Officer  
**Subject:** Treasurer's Monthly Report January 2017

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 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 14, 2016. Metropolitan has sufficient liquidity to pay for the next six months of expenditures.

A handwritten signature in blue ink, appearing to read "Gary Breaux".

Gary Breaux

GB:mt

Attachments

Attachment 1  
**The Metropolitan Water District of Southern California (MWD)**  
**Portfolio Performance Report**  
**January 31, 2017**

		Market Value (\$ in Thousands)	Duration		Monthly Return		Fiscal YTD Return		Annualized Return *Inception-to-Date	
			MWD	Benchmark	MWD	Benchmark	MWD	Benchmark	MWD	Benchmark
Short-Term	(1)	\$ 857,181	0.25	0.23	0.08%	0.04%	0.38%	0.22%	1.90%	1.32%
Long-Term	(2)	342,535	2.54	2.68	0.16%	0.20%	(0.91%)	(0.92%)	3.55%	3.09%
Total Core Funds		\$ 1,199,716								
Other Funds	(3)	57,871	4.49		0.47%		(2.20%)		7.87%	
Total		<u>\$ 1,257,587</u>								

(1) The Short-Term Portfolio Benchmark is the Bank of America Merrill Lynch, Three Month Treasury Bill Index.

(2) The Long-Term Portfolio Benchmark is the Bank of America Merrill Lynch, Corporate and Government, 1 to 5 years, A Rated and Higher Index.

(3) Debt Service Reserve Funds and Lake Mathews Trust.

\* Inception Date 5/01/2002

Attachment 2  
**Portfolio Summary Report**  
**January 31, 2017**

(\$ 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"	\$ 356,532	\$ 354,751	28.35%	100%
Gov't National Mtge Assoc.	(1)	"AAA"	4	4	0.00%	100%
Federal Agencies	(2)	"AAA"	88,609	88,549	7.05%	100%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	50%
Bankers' Acceptances		"F1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	209,452	209,400	16.65%	25%
Negotiable Certificates of Deposit		"F1 or higher"	324,957	324,878	25.84%	30%
Time Deposits		"F1 or better"	-	-	0.00%	N/A
Shares of Beneficial Interest		"AAA"	690	690	0.05%	20%
California Local Agency Investment Fund			65,000	65,000	5.17%	N/A
Medium Term Notes		"A or higher"	120,447	120,524	9.58%	30%
Asset & Mortgage-Backed Securities		"AAA"	57,562	57,851	4.58%	20%
Municipals	(4)	"A or higher"	34,334	32,279	2.73%	30%
Total Portfolio			<u>\$ 1,257,587</u>	<u>\$ 1,253,926</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) \$11.140 million (market value) of the municipal bond portfolio was rated AAA.

Attachment 3  
**Summary Report of Investment & Cash Activity**  
**January 31, 2017**

(Shown at Book Value and \$ in Thousands)

	<b>Beginning Balance</b>	<b>Purchases</b>	<b>Sales</b>	<b>Maturities</b>	<b>Ending Balance</b>
United States Treasuries	\$ 340,530	\$ 33,067	\$ 18,846	\$ -	\$ 354,751
Gov't National Mtge Assoc.	4	-	-	-	4
Federal Agencies	141,147	43,406	486	95,518	88,549
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	103	123	-	226	-
Commercial Paper	238,588	378,756	-	407,944	209,400
Negotiable Certificates of Deposit	359,265	61,113	-	95,500	324,878
Time Deposits	-	-	-	-	-
Shares of Beneficial Interest	496	1,160	966	-	690
California Local Agency Investment Fund	65,000	2,271	2,271	-	65,000
Medium Term Notes	111,558	21,874	1,300	11,608	120,524
Asset & Mortgage-Backed Securities	63,183	-	5,332	-	57,851
Municipals	45,058	-	12,779	-	32,279
<b>Subtotals</b>	<b>\$ 1,364,932</b>	<b>\$ 541,770</b>	<b>\$ 41,980</b>	<b>\$ 610,796</b>	<b>\$ 1,253,926</b>
	Beginning Balance	Deposits		Withdrawals	Ending Balance
<b>Cash</b>					
Demand Accounts	\$ 129			121	8
Petty Cash & Payroll	15				15
Overnight Investment	(1) -			1,999	(1,999)
<b>Subtotals</b>	<b>\$ 144</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,120</b>	<b>\$ (1,976)</b>
<b>Total</b>	<b>\$ 1,365,076</b>	<b>\$ 541,770</b>	<b>\$ 41,980</b>	<b>\$ 612,916</b>	<b>\$ 1,251,950</b>

(1) Includes investment of outstanding checks.

Attachment 4  
**Duration Report**  
**January 31, 2017**

(\$ in Thousands)

<b>Securities Available for Metropolitan's Self-Liquidity Program</b>	<b>Market Value</b>	<b>Duration (1)</b>
US Treasury Bills	\$ 22,577	0.260
US Treasury Notes	259,958	2.043
US Treasury Strips	20,404	1.861
Federal Agency Coupons	17,287	2.586
Federal Agency Strips	438	1.234
Federal Agency Discount Notes	60,009	0.107
Shares of Beneficial Interest	623	0.000
California Local Agency Investment Fund	58,779	0.000
Commercial Paper	188,949	0.288
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	293,696	0.206
Medium Term Notes	106,863	1.141
Municipal Bonds	3,249	0.464
Municipal Discount Bonds	-	-
Gov't National Mtge Assoc.	4	4.661
Asset Backed	-	-
Mortgage Backed	52,052	2.278
<b>Total</b>	<b><u><u>\$ 1,084,888</u></u></b>	
<b>Weighted Average Duration</b>		<b>0.907</b>

- (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.