



- 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 – November 2018 |
| Attachment 2: | Portfolio Summary Report – November 2018 |
| Attachment 3: | Summary Report of Investment & Cash Activity – November 2018 |
| Attachment 4: | Duration Report – November 2018 |



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: December 10, 2018
To: Finance and Insurance Committee
From: June Skillman, Interim Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report November 2018

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 13, 2018. Metropolitan has sufficient liquidity to pay for the next six months of expenditures.

A handwritten signature in black ink, appearing to read "JS", with a long horizontal line extending to the right.

June Skillman

JS:mt

Attachments

Attachment 1
The Metropolitan Water District of Southern California (MWD)
Portfolio Performance Report
November 30, 2018

		Market Value		Duration		Monthly Return		Fiscal YTD Return		Annualized Return *Inception-to-Date	
		(\$ in Thousands)		MWD	Benchmark	MWD	Benchmark	MWD	Benchmark	MWD	Benchmark
Short-Term	(1)	\$	684,037	0.20	0.24	0.21%	0.21%	0.93%	0.87%	1.87%	1.33%
Long-Term	(2)		348,599	2.54	2.61	0.46%	0.42%	0.77%	0.71%	3.26%	2.82%
Total Core Funds		\$	1,032,636								
Other Funds	(3)		30,165	3.25		0.69%		0.69%		7.03%	
Total		\$	1,062,801								

(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
November 30, 2018

(\$ 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"	\$ 287,860	\$ 289,508	27.08%	100%
Gov't National Mtge Assoc.	(1)	"AAA"	2	2	0.00%	100%
Federal Agencies	(2)	"AAA"	68,503	69,209	6.45%	100%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	50%
Bankers' Acceptances		"F1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	191,638	191,649	18.03%	25%
Negotiable Certificates of Deposit		"F1 or higher"	262,449	262,467	24.69%	30%
Time Deposits		"F1 or better"	-	-	0.00%	N/A
Shares of Beneficial Interest		"AAA"	1,748	1,748	0.16%	20%
California Local Agency Investment Fund	(4)		35,161	35,161	3.31%	N/A
Medium Term Notes		"A or higher"	140,676	142,497	13.24%	30%
Asset & Mortgage-Backed Securities		"AAA"	64,463	65,392	6.07%	20%
Municipals	(5)	"A or higher"	10,301	9,127	0.97%	30%
Total Portfolio			<u>\$ 1,062,801</u>	<u>\$ 1,066,760</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) \$65 million maximum allowed by California Local Agency Investment Fund.
- (5) \$1.274 million (market value) of the municipal bond portfolio was rated AAA.

Attachment 3
Summary Report of Investment & Cash Activity
November 30, 2018

(Shown at Book Value and \$ in Thousands)

	Beginning Balance	Purchases	Sales	Maturities	Ending Balance
United States Treasuries	\$ 268,236	\$ 68,909	\$ 2,821	\$ 44,816	\$ 289,508
Gov't National Mtge Assoc.	2	-	-	-	2
Federal Agencies	44,354	29,085	-	4,230	69,209
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	-	-	-	-	-
Commercial Paper	155,616	285,735	-	249,702	191,649
Negotiable Certificates of Deposit	244,523	146,754	-	128,810	262,467
Time Deposits	-	-	-	-	-
Shares of Beneficial Interest	762	1,937	951	-	1,748
California Local Agency Investment Fund	39,709	14,526	19,074	-	35,161
Medium Term Notes	166,216	49,251	37	72,933	142,497
Asset & Mortgage-Backed Securities	66,858	-	1,466	-	65,392
Municipals	9,112	15	-	-	9,127
Subtotals	\$ 995,388	\$ 596,212	\$ 24,349	\$ 500,491	\$ 1,066,760
	Beginning Balance	Deposits		Withdrawals	Ending Balance
Cash					
Demand Accounts	\$ 2,241	314			2,555
Petty Cash & Payroll	15				15
Overnight Investment	(1) (3,200)			199	(3,399)
Subtotals	\$ (944)	\$ 314	\$ -	\$ 199	\$ (829)
Total	\$ 994,444	\$ 596,526	\$ 24,349	\$ 500,690	\$ 1,065,931

(1) Includes investment of outstanding checks.

Attachment 4
Duration Report
November 30, 2018

(\$ in Thousands)

Securities Available for Metropolitan's Self-Liquidity Program	Market Value	Duration (1)
US Treasury Bills	\$ 40,004	0.208
US Treasury Notes	200,174	2.462
US Treasury Strips	12,650	2.916
Federal Agency Coupons	43,087	1.043
Federal Agency Strips	2,094	6.809
Federal Agency Discount Notes	18,633	0.149
Shares of Beneficial Interest	1,634	0.000
California Local Agency Investment Fund	32,873	0.000
Commercial Paper	179,166	0.046
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	244,004	0.150
Medium Term Notes	130,166	1.305
Municipal Bonds	-	-
Municipal Discount Bonds	677	5.600
Gov't National Mtge Assoc.	2	3.548
Asset Backed	-	-
Mortgage Backed	60,268	2.245
Total	\$ 965,432	
Weighted Average Duration		0.988

- (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.