



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



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: November 5, 2018
To: Finance and Insurance Committee
From: June Skillman, Interim Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report October 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 blue ink, appearing to read "June Skillman", 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
October 31, 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)	\$	613,211	0.19	0.25	0.19%	0.17%	0.72%	0.67%	1.86%	1.32%
Long-Term	(2)		347,126	2.57	2.60	0.06%	0.09%	0.32%	0.29%	3.25%	2.81%
Total Core Funds		\$	960,337								
Other Funds	(3)		29,938	3.31		(0.04%)		0.00%		7.01%	
Total		\$	990,275								

(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
October 31, 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"	\$ 265,838	\$ 268,236	26.84%	100%
Gov't National Mtge Assoc.	(1)	"AAA"	3	2	0.00%	100%
Federal Agencies	(2)	"AAA"	43,543	44,354	4.40%	100%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	50%
Bankers' Acceptances		"F1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	155,601	155,616	15.71%	25%
Negotiable Certificates of Deposit		"F1 or higher"	244,491	244,523	24.69%	30%
Time Deposits		"F1 or better"	-	-	0.00%	N/A
Shares of Beneficial Interest		"AAA"	762	762	0.08%	20%
California Local Agency Investment Fund	(4)		39,709	39,709	4.01%	N/A
Medium Term Notes		"A or higher"	164,423	166,216	16.60%	30%
Asset & Mortgage-Backed Securities		"AAA"	65,714	66,858	6.64%	20%
Municipals	(5)	"A or higher"	10,191	9,112	1.03%	30%
Total Portfolio			<u>\$ 990,275</u>	<u>\$ 995,388</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) \$1.3 million (market value) of the municipal bond portfolio was rated AAA.

Attachment 3
Summary Report of Investment & Cash Activity
October 31, 2018

(Shown at Book Value and \$ in Thousands)

	Beginning Balance	Purchases	Sales	Maturities	Ending Balance
United States Treasuries	\$ 270,246	\$ 7,239	\$ 9,249	\$ -	\$ 268,236
Gov't National Mtge Assoc.	2	-	-	-	2
Federal Agencies	134,709	5,966	-	96,321	44,354
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	-	-	-	-	-
Commercial Paper	111,728	398,855	-	354,967	155,616
Negotiable Certificates of Deposit	239,997	108,026	-	103,500	244,523
Time Deposits	-	-	-	-	-
Shares of Beneficial Interest	467	2,273	1,978	-	762
California Local Agency Investment Fund	48,315	250	8,856	-	39,709
Medium Term Notes	121,113	86,692	5,631	35,958	166,216
Asset & Mortgage-Backed Securities	64,281	4,170	1,593	-	66,858
Municipals	9,095	17	-	-	9,112
Subtotals	\$ 999,953	\$ 613,488	\$ 27,307	\$ 590,746	\$ 995,388
	Beginning Balance	Deposits		Withdrawals	Ending Balance
Cash					
Demand Accounts	\$ 19,260			17,019	2,241
Petty Cash & Payroll	15				15
Overnight Investment	(1) -			3,200	(3,200)
Subtotals	\$ 19,275	\$ -	\$ -	\$ 20,219	\$ (944)
Total	\$ 1,019,228	\$ 613,488	\$ 27,307	\$ 610,965	\$ 994,444

(1) Includes investment of outstanding checks.

Attachment 4
Duration Report
October 31, 2018

(\$ in Thousands)

Securities Available for Metropolitan's Self-Liquidity Program	Market Value	Duration (1)
US Treasury Bills	\$ 26,112	0.149
US Treasury Notes	194,179	2.515
US Treasury Strips	12,600	2.997
Federal Agency Coupons	38,222	1.240
Federal Agency Strips	2,070	6.884
Federal Agency Discount Notes	-	-
Shares of Beneficial Interest	713	0.000
California Local Agency Investment Fund	37,168	0.000
Commercial Paper	145,642	0.037
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	227,439	0.153
Medium Term Notes	152,546	1.147
Municipal Bonds	-	-
Municipal Discount Bonds	670	5.676
Gov't National Mtge Assoc.	2	3.595
Asset Backed	-	-
Mortgage Backed	61,508	2.272
Total	<u>\$ 898,871</u>	
Weighted Average Duration		1.057

- (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.