



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



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: October 8, 2018
To: Finance and Insurance Committee
From: June Skillman, Interim Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report September 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 be "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
September 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)	\$	618,571	0.18	0.23	0.15%	0.15%	0.53%	0.49%	1.86%	1.32%
Long-Term	(2)		346,776	2.61	2.62	(0.22%)	(0.23%)	0.25%	0.20%	3.26%	2.82%
Total Core Funds		\$	965,347								
Other Funds	(3)		29,979	3.37		(0.36%)		0.03%		7.07%	
Total		\$	995,326								

(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
September 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"	\$ 267,933	\$ 270,246	26.92%	100%
Gov't National Mtge Assoc.	(1)	"AAA"	3	2	0.00%	100%
Federal Agencies	(2)	"AAA"	133,955	134,709	13.46%	100%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	50%
Bankers' Acceptances		"F1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	111,695	111,728	11.22%	25%
Negotiable Certificates of Deposit		"F1 or higher"	239,977	239,997	24.11%	30%
Time Deposits		"F1 or better"	-	-	0.00%	N/A
Shares of Beneficial Interest		"AAA"	467	467	0.05%	20%
California Local Agency Investment Fund	(4)		48,315	48,315	4.85%	N/A
Medium Term Notes		"A or higher"	119,498	121,113	12.01%	30%
Asset & Mortgage-Backed Securities		"AAA"	63,233	64,281	6.35%	20%
Municipals	(5)	"A or higher"	10,250	9,095	1.03%	30%
Total Portfolio			<u>\$ 995,326</u>	<u>\$ 999,953</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
September 30, 2018

(Shown at Book Value and \$ in Thousands)

	Beginning Balance	Purchases	Sales	Maturities	Ending Balance
United States Treasuries	\$ 276,113	\$ 14,133	\$ 10,000	\$ 10,000	\$ 270,246
Gov't National Mtge Assoc.	2	-	-	-	2
Federal Agencies	48,589	117,687	-	31,567	134,709
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	-	-	-	-	-
Commercial Paper	183,470	234,973	34,868	271,847	111,728
Negotiable Certificates of Deposit	159,426	115,571	-	35,000	239,997
Time Deposits	-	-	-	-	-
Shares of Beneficial Interest	437	3,778	3,748	-	467
California Local Agency Investment Fund	54,556	9,800	16,041	-	48,315
Medium Term Notes	134,876	53,012	2,197	64,578	121,113
Asset & Mortgage-Backed Securities	65,143	2,579	3,441	-	64,281
Municipals	9,080	15	-	-	9,095
Subtotals	\$ 931,692	\$ 551,548	\$ 70,295	\$ 412,992	\$ 999,953
	Beginning Balance	Deposits		Withdrawals	Ending Balance
Cash					
Demand Accounts	\$ 4,469	14,791			19,260
Petty Cash & Payroll	15				15
Overnight Investment	-				-
Subtotals	\$ 4,484	\$ 14,791	\$ -	\$ -	\$ 19,275
Total	\$ 936,176	\$ 566,339	\$ 70,295	\$ 412,992	\$ 1,019,228

Attachment 4
Duration Report
September 30, 2018

(\$ in Thousands)

Securities Available for Metropolitan's Self-Liquidity Program	Market Value	Duration (1)
US Treasury Bills	\$ 26,038	0.233
US Treasury Notes	196,027	2.509
US Treasury Strips	12,568	3.081
Federal Agency Coupons	35,248	0.997
Federal Agency Strips	2,065	6.969
Federal Agency Discount Notes	87,039	0.002
Shares of Beneficial Interest	434	0.000
California Local Agency Investment Fund	45,176	0.000
Commercial Paper	104,437	0.100
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	223,414	0.167
Medium Term Notes	110,380	1.577
Municipal Bonds	-	-
Municipal Discount Bonds	673	5.764
Gov't National Mtge Assoc.	2	3.645
Asset Backed	-	-
Mortgage Backed	59,125	2.329
Total	\$ 902,626	
Weighted Average Duration		1.052

(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.