



- 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 – July 2019 |
| Attachment 2: | Portfolio Summary Report – July 2019 |
| Attachment 3: | Summary Report of Investment & Cash Activity – July 2019 |
| Attachment 4: | Duration Report – July 2019 |



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: August 19, 2019
To: Finance and Insurance Committee
From: June Skillman, Interim Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report July 2019

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 11, 2019. 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
July 31, 2019

	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) \$ 642,892	0.49	0.24	0.18%	0.18%	0.18%	0.18%	1.90%	1.37%
Core	(2) 185,204	2.53	2.59	0.00%	(0.12%)	0.00%	(0.12%)	3.38%	2.96%
Liquidity and Core	\$ 828,096								
Other Funds	(3) 5,906	1.65		0.24%		0.24%		4.63%	
Total	<u>\$ 834,002</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
July 31, 2019

(\$ 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"	\$ 70,974	\$ 69,634	8.51%	100%
Mortgage-Backed Securities		"AAA"	61,451	60,888	7.37%	100%
Federal Agencies	(2)	"AAA"	52,465	52,584	6.29%	100%
Supra-National Agency Bond / Note		"AA or higher"	9,982	9,979	1.20%	30%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	20%
Bankers' Acceptances		"A1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	69,476	69,592	8.33%	25%
Negotiable Certificates of Deposit		"A1 or higher"	168,114	168,015	20.15%	30%
Time Certificates of Deposits			-	-	0.00%	30%
Shares of Beneficial Interest		"AAA"	15,678	15,678	1.88%	20%
California Asset Management Program	(4)		50,000	50,000	6.00%	20%
California Local Agency Investment Fund	(5)		65,000	65,000	7.79%	N/A
Medium Term Notes	(6)	"A or higher"	268,730	267,976	32.22%	30%
Asset-Backed Securities		"AA or higher"	-	-	0.00%	20%
Municipals	(7)	"A or higher"	2,132	1,782	0.26%	30%
Total Portfolio			<u>\$ 834,002</u>	<u>\$ 831,128</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) California Asset Management Program is a short-term portfolio and cash management vehicle permitted under California Government Code Section 53601(p).

(5) \$65 million maximum allowed by California Local Agency Investment Fund.

(6) Medium Term Notes were within Investment Policy guidelines at the time of purchase.

(7) \$0.197 million (market value) of the municipal bond portfolio was rated AAA.

Attachment 3
Summary Report of Investment & Cash Activity
July 31, 2019

(Shown at Book Value and \$ in Thousands)

	Beginning Balance	Purchases	Sales	Maturities	Ending Balance
United States Treasuries	\$ 86,874	\$ 27,999	\$ 45,239	\$ -	\$ 69,634
Mortgage-Backed Securities	63,318	1,003	3,433	-	60,888
Federal Agencies	82,477	50	29,943	-	52,584
Supra-National Agency Bond / Note	-	9,979	-	-	9,979
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	-	-	-	-	-
Commercial Paper	134,265	50,188	29,861	85,000	69,592
Negotiable Certificates of Deposit	230,516	29,999	20,000	72,500	168,015
Time Deposits	-	-	-	-	-
Shares of Beneficial Interest	241,988	122,945	349,255	-	15,678
California Asset Management Program	-	50,000	-	-	50,000
California Local Agency Investment Fund	65,000	-	-	-	65,000
Medium Term Notes	276,427	5,949	10,010	4,390	267,976
Asset-Backed Securities	-	-	-	-	-
Municipals	1,776	6	-	-	1,782
Subtotals	\$ 1,182,641	\$ 298,118	\$ 487,741	\$ 161,890	\$ 831,128
	Beginning Balance	Deposits		Withdrawals	Ending Balance
Cash					
Demand Accounts	\$ -	5			5
Petty Cash & Payroll	15				15
Overnight Investment	(1)			1,900	(1,900)
Subtotals	\$ 15	\$ 5	\$ -	\$ 1,900	\$ (1,880)
Total	\$ 1,182,656	\$ 298,123	\$ 487,741	\$ 163,790	\$ 829,248

(1) Includes investment of outstanding checks.

Attachment 4
Duration Report
July 31, 2019

(\$ in Thousands)

Securities Available for Metropolitan's Self-Liquidity Program	Market Value	Duration (1)
US Treasury Bills	\$ -	-
US Treasury Notes	49,303	3.270
US Treasury Strips	13,012	2.271
Federal Agency Coupons	48,267	0.973
Federal Agency Strips	-	-
Federal Agency Discount Notes	-	-
Supra-National Agency Bond / Note	9,227	0.246
Shares of Beneficial Interest	13,807	0.000
California Local Agency Investment Fund	60,085	0.000
California Asset Management Program	46,219	0.000
Commercial Paper	64,222	0.299
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	155,401	0.375
Medium Term Notes	248,409	1.125
Municipal Bonds	-	-
Municipal Discount Bonds	719	4.969
Gov't National Mtge Assoc.	-	-
Asset Backed	-	-
Mortgage Backed	56,804	2.178
Total	<u>\$ 765,475</u>	
Weighted Average Duration		0.946

- (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.