



- 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

Attachment 1:	Portfolio Performance Report – June 2020
Attachment 2:	Portfolio Summary Report – June 2020
Attachment 3:	Summary Report of Investment & Cash Activity – June 2020
Attachment 4:	Duration Report – June 2020



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: July 13, 2020
To: Finance and Insurance Committee
From: Katano Kasaine, Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report June 2020

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 that reads "Katano Kasaine".

Katano Kasaine

KK:mt

Attachments

Attachment 1
The Metropolitan Water District of Southern California (MWD)
Portfolio Performance Report
June 30, 2020

		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)	\$ 1,051,318	0.33	0.23	0.08%	0.01%	2.24%	1.63%	1.92%	1.38%
Core	(2)	195,066	2.32	2.66	0.36%	0.20%	5.32%	5.34%	3.59%	3.11%
Liquidity and Core		\$ 1,246,384								
Other Funds	(3)	5,574	1.61		(0.007%)		3.30%		4.56%	
Total		<u>\$ 1,251,958</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
June 30, 2020

(\$ 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"	\$ 173,164	\$ 169,307	13.83%	100%
Mortgage-Backed Securities		"AAA"	58,856	57,466	4.70%	100%
Federal Agencies	(2)	"AAA"	41,306	41,219	3.30%	100%
Supranationals		"AA or higher"	38,534	38,377	3.08%	30%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	20%
Bankers' Acceptances		"A1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	74,988	74,879	5.99%	25%
Negotiable Certificates of Deposit		"A1 or higher"	136,265	135,712	10.89%	30%
Time Certificates of Deposits			-	-	0.00%	30%
Money Market Funds		"AAA"	167,532	167,532	13.38%	20%
California Asset Management Program	(4)		210,343	210,343	16.80%	20%
California Local Agency Investment Fund	(5)		75,000	75,000	5.99%	N/A
Medium Term Notes	(6)	"A or higher"	230,027	226,668	18.37%	30%
Asset-Backed Securities		"AA or higher"	42,419	42,077	3.39%	20%
Municipals	(7)	"A or higher"	3,524	3,164	0.28%	30%
Total Portfolio			<u>\$ 1,251,958</u>	<u>\$ 1,241,744</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) The California Asset Management Program is a program created through a joint powers agency as a pooled short-term portfolio and cash management vehicle for California public agencies. CAMP is a permitted investment for all local agencies under California Government Code Section 53601(p).
- (5) \$75 million maximum allowed by California Local Agency Investment Fund.
- (6) In March 2020, Daimler Finance (Cusip 233851CS1) and Delta Airlines (Cusip 247367BH7) securities were downgraded by S&P from A- to BBB+ and A- to BBB-, respectively. Management had determined to hold both securities to maturity.
- (7) \$0.192 million (market value) of the municipal bond portfolio was rated AAA.

Attachment 3
Summary Report of Investment & Cash Activity
June 30, 2020

(Shown at Book Value and \$ in Thousands)

	Beginning Balance	Purchases & Amortization	Sales	Maturities	Ending Balance
United States Treasuries	\$ 173,580	\$ 11,319	\$ 15,592	\$ -	\$ 169,307
Mortgage-Backed Securities	58,922	1	1,457	-	57,466
Federal Agencies	95,549	670	-	55,000	41,219
Supranationals	38,400	-	23	-	38,377
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	-	-	-	-	-
Commercial Paper	96,753	126	-	22,000	74,879
Negotiable Certificates of Deposit	155,724	-	12	20,000	135,712
Time Deposits	-	-	-	-	-
Money Market Funds	1,526	183,419	17,413	-	167,532
California Asset Management Program	180,885	54,749	25,291	-	210,343
California Local Agency Investment Fund	75,000	-	-	-	75,000
Medium Term Notes	238,803	9,056	619	20,572	226,668
Asset-Backed Securities	41,019	2,089	1,031	-	42,077
Municipals	1,844	1,320	-	-	3,164
Subtotals	\$ 1,158,005	\$ 262,749	\$ 61,438	\$ 117,572	\$ 1,241,744
	Beginning Balance	Deposits		Withdrawals	Ending Balance
Cash					
Demand Accounts	\$ 1	155			156
Petty Cash & Payroll	5				5
Overnight Investment	-				-
Subtotals	\$ 6	\$ 155	\$ -	\$ -	\$ 161
Total	\$ 1,158,011	\$ 262,904	\$ 61,438	\$ 117,572	\$ 1,241,905

Attachment 4
Duration Report
June 30, 2020

(\$ in Thousands)

Securities Available for Metropolitan's Self-Liquidity Program	Market Value	Duration (1)
US Treasury Bills	\$ 72,168	0.055
US Treasury Notes	77,927	2.584
US Treasury Strips	14,124	1.374
Federal Agency Coupons	38,476	1.155
Federal Agency Strips	-	-
Federal Agency Discount Notes	-	-
Supranationals	37,082	0.430
Money Market Funds	160,883	0.000
California Local Agency Investment Fund	72,174	0.000
California Asset Management Program	202,417	0.000
Commercial Paper	72,162	0.090
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	131,130	0.360
Medium Term Notes	221,358	1.144
Municipal Bonds	1,273	1.000
Municipal Discount Bonds	782	4.073
Gov't National Mtge Assoc.	-	-
Asset Backed	40,820	2.173
Mortgage Backed	56,638	1.556
Total	<u>\$ 1,199,414</u>	
Weighted Average Duration		0.645

- (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.