



- Treasurer's Monthly Report

## Summary

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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

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Administrative Code Requirement Section 5114

## Attachments

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|---------------|--|
| Attachment 1: | Portfolio Performance Report – July 2018                 |
| Attachment 2: | Portfolio Summary Report – July 2018                     |
| Attachment 3: | Summary Report of Investment & Cash Activity – July 2018 |
| Attachment 4: | Duration Report – July 2018                              |



THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

**Date:** August 20, 2018  
**To:** Finance and Insurance Committee  
**From:** June Skillman, Interim Assistant General Manager/Chief Financial Officer  
**Subject:** Treasurer's Monthly Report July 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 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, 2018**

		Market Value (\$ in Thousands)	Duration		Monthly Return		Fiscal YTD Return		Annualized Return *Inception-to-Date	
			MWD	Benchmark	MWD	Benchmark	MWD	Benchmark	MWD	Benchmark
Short-Term	(1)	\$ 548,953	0.15	0.23	0.17%	0.16%	0.17%	0.16%	1.86%	1.31%
Long-Term	(2)	345,136	2.59	2.60	0.01%	(0.02%)	0.01%	(0.02%)	3.28%	2.83%
Total Core Funds		\$ 894,089								
Other Funds	(3)	30,017	4.12		0.00%		0.00%		7.18%	
Total		<u>\$ 924,106</u>								

(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**  
**July 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"	\$ 286,085	\$ 288,217	30.96%	100%
Gov't National Mtge Assoc.	(1)	"AAA"	3	2	0.00%	100%
Federal Agencies	(2)	"AAA"	44,143	44,848	4.78%	100%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	50%
Bankers' Acceptances		"F1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	204,229	204,235	22.10%	25%
Negotiable Certificates of Deposit		"F1 or higher"	168,012	168,009	18.18%	30%
Time Deposits		"F1 or better"	-	-	0.00%	N/A
Shares of Beneficial Interest		"AAA"	1,092	1,092	0.12%	20%
California Local Agency Investment Fund	(4)		40,597	40,597	4.39%	N/A
Medium Term Notes		"A or higher"	106,545	108,300	11.53%	30%
Asset & Mortgage-Backed Securities		"AAA"	63,079	64,097	6.82%	20%
Municipals	(5)	"A or higher"	10,321	9,064	1.12%	30%
Total Portfolio			<u>\$ 924,106</u>	<u>\$ 928,461</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**  
**July 31, 2018**

(Shown at Book Value and \$ in Thousands)

	<b>Beginning Balance</b>	<b>Purchases</b>	<b>Sales</b>	<b>Maturities</b>	<b>Ending Balance</b>
United States Treasuries	\$ 255,220	\$ 40,345	\$ 7,348	\$ -	\$ 288,217
Gov't National Mtge Assoc.	3	-	-	1	2
Federal Agencies	82,776	23,726	5	61,649	44,848
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	-	-	-	-	-
Commercial Paper	173,616	305,786	-	275,167	204,235
Negotiable Certificates of Deposit	281,958	191,451	-	305,400	168,009
Time Deposits	-	-	-	-	-
Shares of Beneficial Interest	355	976	239	-	1,092
California Local Agency Investment Fund	63,073	2,290	24,766	-	40,597
Medium Term Notes	104,265	41,260	1,815	35,410	108,300
Asset & Mortgage-Backed Securities	62,455	3,646	2,004	-	64,097
Municipals	9,013	1,216	1,165	-	9,064
<b>Subtotals</b>	<b>\$ 1,032,734</b>	<b>\$ 610,696</b>	<b>\$ 37,342</b>	<b>\$ 677,627</b>	<b>\$ 928,461</b>
	Beginning Balance	Deposits		Withdrawals	Ending Balance
<b>Cash</b>					
Demand Accounts	\$ 162,364			156,233	6,131
Petty Cash & Payroll	15				15
Overnight Investment	(1) -			3,500	(3,500)
<b>Subtotals</b>	<b>\$ 162,379</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 159,733</b>	<b>\$ 2,646</b>
<b>Total</b>	<b>\$ 1,195,113</b>	<b>\$ 610,696</b>	<b>\$ 37,342</b>	<b>\$ 837,360</b>	<b>\$ 931,107</b>

(1) Includes investment of outstanding checks.

Attachment 4  
**Duration Report**  
**July 31, 2018**

(\$ in Thousands)

<b>Securities Available for Metropolitan's Self-Liquidity Program</b>	<b>Market Value</b>	<b>Duration (1)</b>
US Treasury Bills	\$ 46,625	0.044
US Treasury Notes	192,036	2.529
US Treasury Strips	12,518	3.247
Federal Agency Coupons	38,760	1.042
Federal Agency Strips	2,072	7.138
Federal Agency Discount Notes	44	0.005
Shares of Beneficial Interest	1,019	0.000
California Local Agency Investment Fund	37,890	0.000
Commercial Paper	190,582	0.040
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	156,379	0.065
Medium Term Notes	96,989	1.819
Municipal Bonds	-	-
Municipal Discount Bonds	677	5.935
Gov't National Mtge Assoc.	2	3.743
Asset Backed	-	-
Mortgage Backed	58,872	2.193
Total	<u>\$ 834,465</u>	
Weighted Average Duration		1.092

- (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.