



THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

# Report

Office of the CFO

## ● **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 – February 2020                 |
| Attachment 2: | Portfolio Summary Report – February 2020                     |
| Attachment 3: | Summary Report of Investment & Cash Activity – February 2020 |
| Attachment 4: | Duration Report – February 2020                              |

Date of Report: 3/9/2020



THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

**Date:** March 9, 2020  
**To:** Finance and Insurance Committee  
**From:** Katano Kasaine, Assistant General Manager/Chief Financial Officer  
**Subject:** Treasurer's Monthly Report February 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.

*Katano Kasaine*

Katano Kasaine

KK:mt

Attachments

Attachment 1

The Metropolitan Water District of Southern California (MWD)  
 Portfolio Performance Report  
 February 29, 2020

	Market Value (\$ in Thousands)	Duration		Monthly Return		Fiscal YTD Return		Annualized Return	
		MWD	Benchmark	MWD	Benchmark	MWD	Benchmark	*Inception-to-Date MWD	Benchmark
Liquidity	(1) \$ 961,482	0.51	0.24	0.24%	0.15%	1.61%	1.31%	1.92%	1.39%
Core	(2) 191,241	2.27	2.62	0.90%	1.09%	3.26%	3.25%	3.55%	3.05%
Liquidity and Core	\$ 1,152,723								
Other Funds	(3) 5,703	1.55		0.46%		2.16%		4.59%	
Total	<u>\$ 1,158,426</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**  
**February 29, 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"	\$ 144,255	\$ 141,022	12.45%	100%
Mortgage-Backed Securities		"AAA"	57,376	56,124	4.95%	100%
Federal Agencies	(2)	"AAA"	122,156	122,013	10.55%	100%
Supranationals		"AA or higher"	33,005	32,911	2.85%	30%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	20%
Bankers' Acceptances		"A1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	146,409	146,272	12.64%	25%
Negotiable Certificates of Deposit		"A1 or higher"	171,022	170,708	14.76%	30%
Time Certificates of Deposits			-	-	0.00%	30%
Money Market Funds		"AAA"	1,662	1,662	0.14%	20%
California Asset Management Program	(4)		137,946	137,946	11.91%	20%
California Local Agency Investment Fund	(5)		75,000	75,000	6.48%	N/A
Medium Term Notes		"A or higher"	225,005	223,045	19.42%	30%
Asset-Backed Securities		"AA or higher"	42,419	42,209	3.66%	20%
Municipals	(6)	"A or higher"	2,171	1,825	0.19%	30%
<b>Total Portfolio</b>			<b>\$ 1,158,426</b>	<b>\$ 1,150,737</b>	<b>100.00%</b>	

- (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) \$0.194 million (market value) of the municipal bond portfolio was rated AAA.

Attachment 3  
**Summary Report of Investment & Cash Activity**  
**February 29, 2020**

(Shown at Book Value and \$ in Thousands)

	Beginning Balance	Purchases & Amortization	Sales	Maturities	Ending Balance
United States Treasuries	\$ 130,344	\$ 21,960	\$ 11,282	\$ -	\$ 141,022
Mortgage-Backed Securities	56,421	203	500	-	56,124
Federal Agencies	47,325	74,688	-	-	122,013
Supranationals	32,909	2	-	-	32,911
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	-	-	-	-	-
Commercial Paper	141,127	15,145	-	10,000	146,272
Negotiable Certificates of Deposit	170,009	20,699	-	20,000	170,708
Time Deposits	-	-	-	-	-
Money Market Funds	1,464	6,107	5,909	-	1,662
California Asset Management Program	69,889	189,887	121,830	-	137,946
California Local Agency Investment Fund	75,000	-	-	-	75,000
Medium Term Notes	202,294	37,267	52	16,464	223,045
Asset-Backed Securities	34,527	7,829	147	-	42,209
Municipals	1,819	6	-	-	1,825
<b>Subtotals</b>	<b>\$ 963,128</b>	<b>\$ 373,793</b>	<b>\$ 139,720</b>	<b>\$ 46,464</b>	<b>\$ 1,150,737</b>
<b>Cash</b>	Beginning Balance	Deposits	Withdrawals	Ending Balance	
Demand Accounts	\$ 12	12		24	
Petty Cash & Payroll	5			5	
Overnight Investment	-			-	
<b>Subtotals</b>	<b>\$ 17</b>	<b>\$ 12</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 29</b>
<b>Total</b>	<b>\$ 963,145</b>	<b>\$ 373,805</b>	<b>\$ 139,720</b>	<b>\$ 46,464</b>	<b>\$ 1,150,766</b>

Attachment 4  
**Duration Report**  
**February 29, 2020**

(\$ in Thousands)

<b>Securities Available for Metropolitan's Self-Liquidity Program</b>	<b>Market Value</b>	<b>Duration (1)</b>
US Treasury Bills	\$ -	-
US Treasury Notes	118,729	2.061
US Treasury Strips	13,636	1.701
Federal Agency Coupons	35,367	1.149
Federal Agency Strips	-	-
Federal Agency Discount Notes	79,717	0.330
Supranationals	31,094	0.423
Money Market Funds	1,026	0.000
California Local Agency Investment Fund	70,658	0.000
California Asset Management Program	129,959	0.000
Commercial Paper	137,932	0.298
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	161,120	0.430
Medium Term Notes	211,978	1.027
Municipal Bonds	-	-
Municipal Discount Bonds	751	4.398
Gov't National Mtge Assoc.	-	-
Asset Backed	39,962	2.481
Mortgage Backed	54,054	1.773
<b>Total</b>	<b><u>\$ 1,085,983</u></b>	
<b>Weighted Average Duration</b>		<b>0.805</b>

- (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.